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Daily Report

Latin America

FBIS-LAT-93-159
Thursday
19 August 1993

Daily Report
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Regional Military Chiefs Reject More Forces Reductions

PA1908044593 Panama City ACAN in Spanish 2126 GMT 17 Aug 93

[Report by Juan Ramon Rojas]

[Excerpts] San Jose, 17 Aug (ACAN-EFE)—Six years after beginning the demilitarization of Central America, the Salvadoran, Guatemalan, Honduran, and Nicaraguan defense ministers have rejected further cuts in the Armed Forces of their countries, which collectively amounts to more than 120,000 men.

Speaking at a conference on demilitarization and democratization in Central America, which started yesterday and ends today in Costa Rica, Oscar Arias, the former Costa Rican president and Nobel Peace laureate, said he considered insufficient the current reductions in military contingents, now that armed conflicts in the area have ended.

According to information provided by the military chiefs, Guatemala, the only Central American country with an ongoing war, has the largest Army in the area with 45,000 men. It is followed by El Salvador with 31,000 men, half of what the country had prior to signing peace agreements with the guerrillas in January 1992.

Guatemala also has the biggest defense budget—11 percent. It is followed by El Salvador with 9 percent. [passage omitted] Honduras assigns 6.5 percent of its budget to military expenses, while Nicaragua spends 8.6 percent of its budget in this field.

The Honduran, Guatemalan, and Salvadoran defense ministers, Gens. Lazaro Avila, Mario Rene Enriquez, and Humberto Conrado, respectively, and Nicaraguan Army Commander Gen. Humberto Ortega rejected the possibility of further reducing their military forces, which they consider necessary for the defense of their countries' sovereignty and internal security, and to continuing the struggle against drugs.

Enriquez said it was impossible to reduce the Guatemalan Armed Forces due to the ongoing civil war. He added, however, that President Ramiro de Leon Carpio has presented a proposal for peace talks and that the conflict was on its way to resolution.

The Salvadoran defense minister stated that the military organization in his country was reduced from 63,000 to 31,000 men in 18 months and that several factors had to be taken into account—the armies in the neighboring countries (Guatemala and Honduras) and the regional and national situation—to further reduce the number of soldiers. "We do not want to maintain a military organization that is bigger than what the country needs," Conrado stated. But he rejected further reductions for the time being.

The Honduran Defense Minister considered it "unnecessary" to reduce the number of soldiers in his country now that the war in Nicaragua has ended. During the past decade, while there was a conflict in the neighboring country, Honduras bought modern weapons with the help of the United States. The Honduran military chief said: "Quantitatively, we have the smallest Armed Forces in Central America."

Following his colleagues' lead, Ortega denied the possibility of his Army's disappearance or of a new reduction in force, already been reduced from 90,000 to 15,000 men. This number, Ortega stated, is adequate for the next 30 years "to support democracy, defend sovereignty, fight drugs, and confront several unresolved problems in the Caribbean platform and the Honduran border." According to Ortega, "we have to understand clearly that Nicaragua needs a strong mechanism to help consolidate democracy," and he asserted that in his country "nobody is prepared for democracy, not even the civilians." [passage omitted]

Mexico Interested in Free Trade Agreement With Mercosur

PY1808191293 Asuncion ABC COLOR in Spanish 15 Aug 93 p 20

[Excerpt] [passage omitted] [Mexican Foreign Minister] Solana was consulted on Mexico's hopes concerning NAFTA (North American Free Trade Agreement), its estimates on the matter, and its recommendations to Paraguay, which is a member of Mercosur [Common Market of the South] together with Brazil, Argentina, and Uruguay.

He clearly stated that the common market for a small country has enormous and special characteristics. "A common market implies having common policies toward other countries. One is more obliged (quote, unquote) to acquire products from other member countries."

In view of this, he added, Mexico favors the free trade agreement strategy. "We have agreements with Canada and the United States (within NAFTA), but we also have agreements with Chile and are studying the possibility of consolidating others with Venezuela, Colombia, and the Central American countries. We would be delighted to achieve agreements with Mercosur," he said.

"We conceive commercial agreements as an instrument of a policy, not as an economic policy in itself," the Mexican foreign minister said. Mexico has 86 million inhabitants but only 15 percent of its land is cultivatable, as he reported.

Solana referred to the changes taking place in Mexico. He said that the NAFTA group forced Mexican companies to modernize, and to be more efficient and competitive. Some even closed, he said.

He praised the political opening in Paraguay and predicted that, with the economic opening, our country could play a more protagonist role, both internally and internationally. He said: "Paraguay could complement relations among Southern Cone countries."

He added: "The political change must be followed by economic changes, with gradual policies which require time and perseverance but which will yield their fruits for the benefit of the country."

Cuba

Number of Havana Fasters Continues To Increase

FL1808143393 Havana Radio Reloj Network in Spanish 1402 GMT 18 Aug 93

[Text] Approximately 60 individuals continue a fast and prayer vigil in protest of the U.S. blockade against Cuba and in solidarity with the Pastors for Peace, who are conducting a hunger strike in Laredo, Texas. Four tents, donated by the Red Cross, house the fasters, who have been joined by people from several provinces and every religious denominations as well as nonbelievers. United by the belief that the blockade is unfair, the fasters in Havana continue their vigil hoping that their action will show U.S. authorities the absurdity of holding a bus at the Mexican border. The yellow bus, that was to be donated to a Cuban religious institution, houses the members of Pastors for Peace, which is headed by Lucius Walker, who are conducting a hunger strike against the blockade.

Call for Solidarity Demonstration

FL1908001593 Havana Radio Rebelde Network in Spanish 2309 GMT 18 Aug 93

[Report by Gisela Bel Heredia from vigil site in front of the U.S. Interests Section in Havana]

[Text] Greetings from in front of the U.S. Interests Section in Havana, where Reverend Raul Suarez [president of the Martin Luther King Memorial Center] held a news conference just a few minutes ago. During the news conference, Suarez made an appeal to all churches. It is time for the churches to end their silence, Rev. Suarez said, while praising the effort of the Pastors for Peace, who are on a hunger strike in Laredo, Texas. He also highlighted other details of the activities underway here in front of the U.S. Interests Section.

[Begin recording] When we consider that there are people who, with the exception of a single Cuban, are North Americans, people who are not of our nationality, when we consider that they are risking their lives and are in very critical condition at this time, very close to a fatal result, we are moved to ask of all our people the following:

To the people of Havana City and all the Cuban people: Thousands of people have visited us in the course of this week of vigil, prayer, and reflection. We have already collected thousands of signatures and messages of solidarity and sent them to our brothers and sisters in Laredo. On Thursday, 19 August, they will have been fasting for 21 days inside the yellow school bus, with a temperature of 40 degrees Celsius, in a peaceful, unjust, and humanitarian struggle for our people's well-being.

For that reason, the Pastors for Peace have called for a worldwide campaign of solidarity with their cause and their sacrifice. Cuban religious leaders, at the convocation of the Cuban Ecumenical Council, which in turn was responding to a call from the Dr. Martin Luther King, Jr. Memorial Center in Marianao, began this vigil of fasting and prayer as a fraternal and friendly gesture of reciprocity toward our brothers in Laredo.

Today, 18 August, we ask the people of Havana City to come here on Thursday [19 August] individually, with relatives and friends, with serenity, respect, and dignity, to express their gratitude and love for those in Laredo who are defying death to give us a hand. This is not on the sheet that we gave to the press. We ask the people in rest of the country to do the same, to also express, in a respectful, dignified manner, but with fervent and profound human solidarity, the Cuban affection for our brothers and sisters in Laredo. [end recording]

Rev. Raul Suarez also said that the U.S. Interests Section has still not replied to a document presented to it by the Cuban religious leaders.

ANPP President Alarcon To Travel to Uruguay 18 Aug

FL1808175993 Havana Radio Rebelde Network in Spanish 1700 GMT 18 Aug 93

[Text] A last minute dispatch confirms that Ricardo Alarcon de Quesada, president of the National Assembly of the People's Government [ANPP], departs on 18 August for the capital of Uruguay to participate in the meeting of the directorate council of the Latin American Parliament scheduled for 20-21 August. The Cuban delegation also includes Deputy Lazaro Barredo, vice president of the ANPP International Relations Committee, and adviser Juan Gonzalez.

Haiti

Senate President Malval on Ratification Process

FL1808151793 Port-au-Prince Radio Metropole in French 1045 GMT 18 Aug 93

[Text] Today, the Senate might ratify the choice of Robert Preval as the new Haitian prime minister. Malval turned in his file to the office of the committee charged with studying it. According to Senate President Firmin Jean-Louis, the committee might present the conclusions of its report this morning. He talks with correspondent Edner Jean.

[Begin recording] [Jean-Louis] We are at the stage of receiving the report by the ratification committee. The report will be submitted to the assembly tomorrow [18 August]. Tomorrow at 1100, we will have an assembly, a regular session for the ratification and, likely tomorrow afternoon, we will receive Malval for the statement of his general policy.

[Jean] So, the ratification will take place tomorrow morning and the statement of general policy tomorrow afternoon?

[Jean-Louis] Likely. This is our wish. We are going to see to it that there is a session tomorrow morning and, tomorrow afternoon after his meeting with the deputies, Malval will be invited to come to the Senate for a statement of his general policy.

[Jean] In your opinion, is the committee satisfied with Malval's answers?

[Jean-Louis] I believe the report is favorable even though I have not yet officially received it. We expect the committee to officially submit its report to the assembly tomorrow morning so we can immediately carry out the ratification. [end recording]

Further on Ratification

FL1808150193 Port-au-Prince Radio Metropole in French 1045 GMT 18 Aug 93

[Text] The ratification process of the prime minister-designate reached a new phase at the Haitian parliament on 17 August. Robert Malval passed his first test without difficulties on 17 August at the Senate in front of a committee charged with examining his file. Malval won this first round. The documents he presented proved to be correct and met the requirements of Article 157 of the Constitution. The committee is officially due to present its report 18 August.

It should be noted that during this questioning, there were discussions regarding the nationality of Malval's mother. Mrs. (Kemli Saud) [Robert Malval's mother] was born in Port-au-Prince on 3 May 1924 of Lebanese parents. Prime Minister-Designate Robert Malval, accompanied by his lawyer, Colbert Jean-Baptiste, proved that he is entitled to occupy this post according to the Haitian Constitution.

Afterwards, the senatorial committee, including senators from the two blocs [Alliance for Parliamentary Cohesion and National Front for Change and Democracy], questioned Malval on his political vision. This senatorial committee is presided over by Senator [Jean-Robert] Martinez. Senators Ebrane Cadet, Rony Mondestin, Turneb Delpe, and Julio Larosiliere are members.

48-Hour Deadline for File Analysis

FL1808222293 Port-au-Prince Radio Metropole in French 1045 GMT 18 Aug 93

[Text] In the Chamber of Deputies, an eight-member committee will study the files of the prospective prime-minister. The committee was to receive Robert Malval today in a hearing session regarding his nationality and the provisions of Article 157 of the Constitution. The president of the Lower Chamber explains that the committee includes representatives of several political leanings. Deputy Antoine Joseph:

[Begin recording] [Joseph] The analysis of Robert Malval's file is an important question for the assembly. There are some strong feelings. Many deputies wished to participate in this committee, given the importance of the file, the importance of the action they will have to take after the committee's report, which will certainly be submitted for the assembly's approval or sanction. It is not unusual that the formation of this committee has caused a problem not only for the office, but also for the assembly. Thank God democracy finally prevailed and the office definitively solved the conflict. Today we are very pleased that all the political groups are represented within this special committee.

[Reporter Jean] I see that you granted a 48-hour deadline to the committee for submitting its verdict to the assembly. Could this deadline be shortened or extended, according to the leaning?

[Joseph] This deadline will essentially depend on the committee. However, the office, considering this particular juncture, hopes that the committee's report will be submitted within 48 hours. It could be possible for the report to be submitted long before those 48 hours. But do not forget that this task requires, as I said, a certain technical nature and meticulous research. That is why we think that the 48-hour deadline is reasonable for thoroughly studying Malval's complete file.

[Jean] A last, rather presumptuous question, Mr. President—and I address the deputy, particularly. I know that you had time to glance at Mr. Malval's file. Do you think that his files are credible and that Malval will have the support of the deputies or those of the committee?

[Joseph] I am deeply sorry. Certainly the file was officially submitted on the afternoon on 17 August, and we verified each document provided by Mr. Malval. Unfortunately, we did not have time to study the file in detail. I must confess to you that personally, as a deputy, I have some deficiencies. It is not possible for me to determine the veracity of a legal document. That is why I personally am very happy that Deputy Patrick Norseus, who is a lawyer, is a member of this committee. In a word, because of some of my deficiencies, I cannot today tell you right off whether Mr. Malval's file is correct. I think that only the assembly could say so, based on the committee's report. [end recording]

Malval's Senate Confirmation

FL1808213693 Port-au-Prince Radio Metropole in Creole 2000 GMT 18 Aug 93

[Excerpts] The Haitian Senate just ratified Prime Minister Robert Malval. On the other hand, a committee was formed in the Chamber of Deputies to study Malval's file. The committee is due to meet with Robert Malval this afternoon to make a decision on the file. Meanwhile, the Haitian Senate announced that it has fulfilled its role with this file and has ratified Malval as prime minister as designated by President Aristide and the presidents of the Senate and Lower Chamber. Rothschild Francois, who attended the session, gives us details:

[Francois] Good evening, everyone. As you have all known since yesterday, the Senate had been questioning Robert Malval, who has been designated by President Aristide as head of the future ministerial cabinet. The committee studied the complete file on 17 August and today gave a favorable report on the choice of Robert Malval. In other words, the Senate has ratified Robert Malval as prime minister. However, the Senate has not yet ratified his general policy, which must be done soon.

Let us point out that the session began in a thorny atmosphere of lengthy discussions, led by Senator Dupiton who was demanding that the names of the Senators elected on 18 January be included in the roll call of senators. There was much debate on that issue. [passage omitted]

The Senate assembly voted with 14 votes in favor and one abstention. [passage omitted]

People's Organizations Rally Against 'Interference'

FL1808222293 Port-au-Prince Radio Metropole in French 1600 GMT 18 Aug 93

[Excerpts] A rally of people's organizations was held on 17 August at the National Pedagogical Institute [IPN] for the purpose of denouncing foreign interference in the country's affairs. Guilloto Francois filed a report:

[Begin recording in Creole] Activists of the two groups, Front for the Country's Progress [Front Pour l'Avancement du Pays], linked with the League For National Resistance, rallied at the IPN on 17 August for the purpose of saying no to foreign intervention in Haiti's affairs. The organization advised that it was opposed to the arrival of a multinational force in Haiti. The Front did not fail to point an accusing finger at prospective Prime Minister Robert Malval. The Front for the Country's Progress criticized Prime Minister-Designate Robert Malval. The organization says that the major problem with Mr. Malval is his silence on the possible arrival of a multinational force in Haiti. Emmanuel Constant, the Front's spokesman, who on the other hand, says he is not opposed to military technical assistance to Haiti, is against Mr. Malval so long as the prospective prime minister makes no statement on the arrival of the multinational force that might come into the country. [passage omitted]

Previously, several coalitions such as the National Coalition, and certain political leaders, including PARADI [expansion unknown] leader Vladimir Jeanty and former President Leslie Francois Manigat, sounded the same as these organizations. Manigat had asserted during the party's fifth congress last week that a national resistance should be held in the country because he is against foreign intervention in Haiti. [end recording]

Deputy Asks Army To Take Stand on Deployment

FL1808210593 Port-au-Prince Signal FM Radio in French 1030 GMT 18 Aug 93

[Text] Deputy Pierre Simon Georges of the Alliance for Parliamentary Cohesion, in a letter to General Raoul Cedras, asks the Haitian Army to take a stand on the deployment of men to Haiti to professionalize the Haitian Armed Forces, monitor human rights, and create a new police force.

Fuel Shortage Forces Authorities To Market Reserves

FL1808210493 Port-au-Prince Signal FM Radio in French 1300 GMT 18 Aug 93

[Text] Esso, Shell, and Texaco have been out of fuel since 17 August, Commerce Minister Saidel Laine has announced, adding that the Haitian Government will now market its strategic reserve stock. Laine dared not say how many days this stock will last:

[Begin Laine recording, in Creole] Beginning today—17 August—the stock that includes both oil and gasoline which we had with the companies is planned for delivery. This will allow gas stations to operate a few more days. We are then to have no more stock available in the companies for marketing. This stock exhaustion within the companies forces us to use what is called strategic stock. It is a reserve that the government keeps to [word indistinct]. We are now managing it so we can give [words indistinct] institutions that can use it. We have also reserved a portion for public and private transportation. [Word indistinct] the word, it is strategic, I cannot tell you how long it will last because it is a strategic reserve. We will manage with a good strategy. [end recording]

Demonstrators Occupy, Vandalize Legislative Palace

PA1908040493 Mexico City XEQ Canal 9 Television Network in Spanish 0200 GMT 19 Aug 93

[Report by Juan Jose Prado, from the "Plenty of News" newscast; live relay by Mexico City XHTV Television Network]

[Text] Hundreds of people staged a violent demonstration at the San Lazaro Legislative Palace. They broke glass windows at the main entrance and painted slogans on the recently restored installations.

Several organizations, including the Mexico City Popular Urban Movement [Movimiento Urbano Popular de la Ciudad de Mexico], have violently occupied the installations of the San Lazaro Legislative Palace. Demonstrators broke the chains at the main entrance leading to the Congress of the Union Avenue. A large group of demonstrators entered the parking lot, broke a large glass window, and finally reached the Chamber of Deputies hall. Fireman Alberto Riva, who was injured during the incursion, had cuts on several parts of his body.

Many members of the Popular Urban Movement stayed on the streets, while approximately 1,000 entered the Chamber of Deputies' hall by force. The invaders simultaneously occupied the esplanade, the lobby of the hall of sessions of the Chamber of Deputies, the green areas, and violently entered the Green Room, where the Permanent Commission of the Congress of the Union was meeting.

For almost 90 minutes, demonstrators disrupted the Permanent Commission's session. Senator Emilio Gonzalez, president of the commission, was under the mob's pressure all the time. The session resumed after Senator Gonzalez repeatedly reprimanded the demonstrators.

During the assault, members of the Mexico City Popular Urban Movement in Mexico City caused property damage. Most of the walls in the recently restored hall were spray painted.

As negotiations were held between deputies heading legislative commissions related to housing, Rodolfo Echeverria Ruiz, Chamber of Deputies president for the special congressional sessions, read a document sent to Interior Secretary Jose Patrocinio Gonzalez Blanco Garrido, Mexico City Mayor Manuel Camacho Solis, and Attorney General Jorge Carpizo McGregor.

[Begin Echeverria recording] On 18 August, a mob violently broke into the Chamber of Deputies hall. This action flagrantly and openly violated the federal parliamentarian hall of sessions, as well as the legislators' immunity. This action disrupted the work of deputies and senators who at the time were working in various installations of the Legislative Palace. [end recording]

Echeverria Ruiz added:

[Begin Echeverria recording] In view of this action, the Chamber of Deputies demands that punitive action be taken against those responsible and that the occupiers immediately withdraw or be removed, so that the Congress of the Union can recover control of the area where it must hold its sessions by constitutional mandate. In the same manner, it demands the necessary security measures to prevent similar incidents in the future. [end recording]

Echeverria Ruiz also read a document in which all political parties, except for the Party of the Democratic Revolution, PRD, strongly condemned the violent takeover of the Chamber of Deputies.

Demonstrators are demanding the abrogation of legislative amendments to tenancy laws recently approved by Congress. Meanwhile, authorities have announced a forum in which all sectors involved can participate to seek a solution for the problem.

Occupation of Legislative Assembly Ends

PA1908045793 Mexico City XEQ Canal 9 Television Network in Spanish 0211 GMT 19 Aug 93

[Report by Juan Sebastian Solis and Luis Perez from San Lazaro Legislative Palace in Mexico City; from the "Plenty of News" newscast; live relay by Mexico City XHTV Television Network—live]

[Text] Our fellow reporters, Juan Sebastian Solis and Luiz Perez, are now at the Legislative Palace. Go ahead Juan Sebastian.

[Solis] Thank you, Lolita. About 15 minutes ago, the whole problem described by Juan Jose Prado in his report was resolved, after the deputies of the various commissions dealing with housing issues and the leaders of the People's Urban Movement [Movimiento Urbano Popular] reached an agreement. I have the text of the agreement here. It states:

The Housing Commission and the Federal District Commission agree to carry out a forum, to begin on Monday 23 August, during which the people's organizations position on the issue of housing and rental, will be fully and democratically discussed. The political parties, the appropriate authorities, and responsible citizens are hereby invited to participate.

The agreement reached here at the San Lazaro Legislative Palace between the housing commission deputies ended the problem, thus allowing the building to be cleared after approximately eight hours of occupation. The last group of demonstrators, totalling about 200, left the premises just a few minutes ago, hardly five minutes ago. Luis?

[Perez] Yes, Lolita.

[Ayala] I would like to ask if the leaders of the violence have been identified?

[Perez] This all began with a demonstration at 1130 [1730 GMT] by approximately 4,500 people from more than 29 social groups, who are demanding the repeal of the so-called Housing Rental Law. They began their march at the corner of (Teresa de Muller) and Congreso de la Union Avenues. At 1200 [1800 GMT] they broke through the San Lazaro Legislative Palace main gate. They came up to the lobby, broke a glass door, and entered. It is not known who was actually leading the demonstrators, as there were about 20 or 25 [numbers as heard] social groups protesting this Housing Rental Law. No one has claimed responsibility yet and the people who allegedly lead these groups have denied any responsibility for the violent events here at the San Lazaro Palace.

[Ayala] Was anyone injured or arrested, Luis?

[Perez] No one was arrested. There have been no reports of arrests. One person was injured; a fire fighter named Alberto, one of the firefighters assigned to the Legislative Palace. He suffered some cuts when they broke through the glass and all the pieces fell on him. He is out of danger and receiving medical attention at (Raluena Hospital). He is out of danger.

[Ayala] How will the Legislative Palace be protected tonight?

[Perez] The Legislative Palace's own security service, which is independent of all the other police agencies, the Roads and Safety Secretariat, and the Judicial Police, is carrying out its normal patrolling schedule. Other employees are repairing the lobby entrance doors and cleaning up the walls that were stained with spray paint.

[Ayala] Juan Sebastian, will the deputies be able to hold their session on 19 August?

[Solis] Yes. It is expected that everything will be back to normal this evening. We should add, Lolita, that the People's Urban Movement is headed by many groups. There are approximately 40 groups [number as heard], of which a group called Super-Barrio stands out.

The commission that met in the Presidents Room and reached the agreement that ended the occupation by the demonstrators, comprised Institutional Revolutionary Party [PRI] deputies Manuel Jimenez Guzman, the president of the housing commission at the Chamber of Deputies; (Fernando Lerdo de Tejada), the president of the Federal District Commission; Juan Jose Castillo Motta, the secretary of the Justice Commission; and Alfredo Villegas of the Procedure and Complaints Commission.

Representing the Party of the Democratic Revolution [PRD] were Rene Bejarano, the PRD Federal District leader, and Deputy Patricia Ruiz. As I just said, they led this meeting that fortunately, after eight hours of tension here at the San Lazaro Legislative Palace, concluded with the clearing of the premises. There was no need to disperse the demonstrators. They decided to leave the building of their own free will, after reaching this agreement that calls for a forum to begin on 23 August to discuss all that pertaining to the housing issue. Right now we can see maintenance personnel working to get the building ready for tomorrow's session.

[Ayala] Juan Sebastian, could you describe the damage in the chamber?

[Solis] Certainly. Just a quick look and we can see two broken windows. There is plenty of graffiti. The wood panelling is smeared with oil, which will call for very careful work to restore it to its original appearance. The glass panes are also smeared will oil and there is a lot of garbage. That is a general impression of the damage I can see. There is graffiti on the ground and all over. The podium from which the commission president presides over the debates was destroyed.

[Ayala] Anything else, Luis?

[Perez] I would like to point out that there were many children among the demonstrators, between the ages of five and 10, who were in danger of being hurt or trampled to death. This is quite commonplace at all the demonstrations. They are used as shields. Women and children are used as a defense against the police.

[Ayala] Is it known where all these people come from?

[Perez] As I said, the movement comprises more than 30 or 40 independent social groups.

[Ayala] Do they come from the Federal District or from all over the country?

[Perez] Mostly from the Federal District and other municipalities of the central valley, which extends as far as Ecatepec Valley and Tlanepantla. Some people came from Morelos State. Mostly they come from the Federal District.

[Solis] Lolita, I might add that the letter Rodlfo Echeverria Ruiz, the president of the Chamber of Deputies, [name and title as heard] sent to Interior Secretary Jose Patrocinio Gonzalez; Manuel Camacho Solis, the chief of the Federal District Department; and Attorney General Jorge Carpizo McGregor, calls for criminal charges against those responsible for the events. That action will be looked into on 19 August when an inquiry can determine who was in fact responsible for such violent acts as those we have witnessed here.

[Ayala] Thank you, gentlemen.

Jose Soberanis on NAFTA, Environment

PA1808150893 Mexico City Canal 13 Television Azteca Network in Spanish 1300 GMT 18 Aug 93

[From the "Early Hours" newscast]

[Text] Jose Luis Soberanis, under secretary of urban development, an infrastructure of the Secretariat of

Social Development of Mexico, has made several statements regarding Mexico's legal obligations in facing the new circumstances of the environment and environmental preservation stemming from NAFTA.

Soberanis said that Mexico has the laws and structures that are necessary to respond to those environmental preservation commitments reached with the United States and Canada. He ruled out the possibility that Mexico will become a toxic dump for the North's residues. Mexico is prepared to fulfill its commitments in matters of ecology and the environment, contemplated within the NAFTA framework. He said the conditions are not given for our country to become a toxic waste dump, because the NAFTA signatory countries are committed to respecting the country's environment and ecology.

[Begin Soberanis recording] NAFTA will permit cities in the northern part of the country to become excellent alternatives for the location of industrial plants as well as other production plants. [end recording]

During a meeting that lasted less than three hours, Soberanis said that the Secretariat of Social Development promotes private investment in constructing sites for the confinement of toxic and industrial waste and that for the time being they have received applications from 15 private companies to build them. He told legislators that the bases are being established in the country for a harmonious urban development with equipment, infrastructure, and services, always safeguarding public health and the environment.

* Reservations Voiced Over Electoral Proposals

93CA0176A Mexico City UNOMASUNO in Spanish 14, 15 Jul 93

[Commentary by National Autonomous University of Mexico constitutional law professor and PRD [Party of the Democratic Revolution] member Arnaldo Cordova: "The PRI Initiative"; paper presented at the round table "Political Reform and Democracy" at the Symposium for Democracy and Legality in Michoacan, organized by the State Executive Committee of the PRD, in Planetario Auditorium, Morelia, 12 July 1993]

[14 Jul pp 1, 7]

[Text] Everyone recalls that just a few weeks ago the leaders of PRI [Institutional Revolutionary Party] and its representatives in Congress threatened to block an in-depth reform of our electoral system by proposing insubstantial reforms that did not really alter the nation's constitution at all. The proposals that the president of the republic offered in his fourth government report, regarding campaign financing and equal access for parties to the mass media, were not seen as three (or four) proposals among many others that could be made in this regard but rather as a sort of "ceiling" above which there would be merely minor changes. Less than two weeks ago the PRI congressional group coordinator in the Chamber of Deputies went so far as to say, in fact, that there may not even be an electoral reform. Many thought that this was a feint while waiting for the definitive position that was being put together at the highest levels of the administration. Most felt that it was a final decision by the ruling party that seemed somewhat like political suicide, if not an irresponsible and extremely costly provocation.

This is why the reading of a brief document summarizing in eight essential points the ruling party's "serious" position hit political circles (both in the ruling party and the opposition) like a bombshell on the morning of 7 July. The reading was done by Fernando Ortiz Arana at a breakfast, in keeping with a decades-old tradition, at least since the times of Sanchez Taboada (as Leon Garcia Soler has pointedly reminded us). I must admit here that I felt almost assaulted when I received the text of the proposal by fax. I could not believe it. How could PRI dare to go that far in its proposal, when we were all convinced that the current political-reform process would wind up making just a few superficial changes in the Cofipe [Federal Code of Electoral Institutions and Procedures]! I began delving into the substance of the proposal a bit later. Before that, I was interested in finding out why the ruling party was finally taking a serious stand. It had allowed enough time to pass so that no reform could be accomplished during the current session. Why? Its problem was obviously the "internal front." PRI members were unable to come to terms on what they were supposed to propose. From my standpoint, it is clear that most of those who have a say in the matter, those who are in charge, were far from agreement on what ought to be put forth as the official position. They cared little about the dialogue in the committee that had been formed for this purpose in the Chamber of Deputies. The fight was among them and could not be resolved in a common platform. The business about reforming only Cofipe or threatening not to reform anything was just a tactical diversionary maneuver.

When the president finally made a decision, because time was running very short on him, a consensus had not yet been achieved among members of the ruling party. Evidence of this was the scenes that were played out at the meeting of the PRI bloc in the Chamber of Deputies. Simply put, the final proposal took by surprise not only the opposition but the PRI people themselves as well. To ask why the administration decided to make this proposal is not an idle question. Its specialists must have analyzed in depth the impact that each of its suggestions (all of them taken from the opposition proposals) might have on the priority goal of keeping power in PRI hands. None of them endangered this. So why not endorse them? Aside from coming to terms among themselves, the representatives of the ruling party must have given some thought to the political isolation into which they might lapse. On 28 June, Carlos Castillo Peraza and Roberto Robles Garnica, the presidents of PAN [National Action Party] and the PRD respectively, publicly stated that their parties would never accept a reform that did not contain at least the following 11 points: 1. An autonomous, lawful Federal Election Tribunal that had complete jurisdiction in certifying legislative elections; 2. The opening of the Senate to proportional representation; 3. Modification of the structure and workings of the Federal Electoral Institute; new ways of electing citizen council members and magistrates on the Federal Electoral Tribunal, as well as the members of the Executive Boards; 4. Revision of the requirements to run for president of the republic; 5. Effective and fair regulation of the financing system for political parties and genuine, realistic limits both on financing sources and campaign spending; 6. Properly balanced bodies to monitor party finances; 7. Guarantees of fairness in the availability of spots and timetables in the mass media; 8. Reliable registers and lists of voters, submitted with enough lead time so that the parties can check them; 9. New regulations that promote and guarantee the free and secret exercise of the right to vote; 10. Simplification of electoral documentation and of the election-dispute resolution process and expansion of the range of evidence in this process; and 11. Restoration of the parties' right to run joint candidates, and simplification of coalition registration.

I think that this document was decisive in determining the final stance that the ruling party adopted and should be laid away as a golden example of what an agreement between the two main opposition forces, PAN and the PRD, can achieve. The other political parties, though it hurts to say so, are merely insignificant extras in the grand drama that we are living through today. To be accompanied by them alone, as the official strategy seemed to be, would have been too costly for the administration. So it decided to tackle the underlying problem and (in my view) to respond to each and every one of the main stands of the opposition forces that were united in a common demand. This alone is progress and a great lesson. The opposition must learn that it can do more united than divided. PRI's proposals are not, as some have suggested, "a defeat for the ruling party." They represent the response that an agreement between the two main opposition parties on reform issues dictated. As such, they do not represent unconditional acceptance of the PAN and PRD demands either. Let us consider for a moment the basic reasoning of the people who put together the PRI proposal (primarily the president of the republic): "What does each point raised by the opposition cost us?" From this basic line of reasoning stem the eight PRI proposals. They finally realized that the opposition demands in no way endangered their hegemony. They merely bring us closer to the full democratization of our country. Eliminating all of the nasty and prosaically authoritarian and abusive elements of the electoral system did not really cost them that much. This is why they made their proposals. h3
[15 Jul pp 1, 9]

[Text] Let us look quickly at some of the eight proposals. The first, the opening up of the Senate, making room for a third senator per state, who could be from the opposition, on the basis of an undetermined percentage of the vote. There is no danger whatsoever that this could shatter our constitutional order, as they had me saying in UNOMASUNO a few days ago after a lengthy telephone conversation. If the equal representation of the states in the Senate is maintained, be it with two, three, four, or five senators, federal representation in our upper house will not undergo any change.

The ruling party's guile can be seen in the condition of the "basic percentage." What percentage? Five, 10, or 15, as is now being talked about? And it is complemented by the sly suggestion that when the number two political force in a state does not achieve the percentage that we do not yet know, the third seat is given to the ruling party. PAN, which is the number two party in more than 20 states and which for at least two decades now has been proposing that the third senator come in any event from the leading opposition party, rightly sees the proposal of a minimum percentage as a heavy blow to it. The ruling party is simply incapable of playing fair. Some have indicated that the PRI proposal does not even come close to the idea of proportional representation. What it suggests is a system as antiquated and unrepresentative as the by now historic "party deputies" that Lopez Mateos devised in 1962. What do you think of a 96-member Senate in which some 81 of them are from PRI, 12 or so from PAN, and 3 or so from the PRD? It does not sound bad if we think exclusively about the share of opposition parties in the upper house. But under no circumstances is it the best arrangement for representing in the Senate the already enormous political pluralism of our society. I do not agree with the system of three senators. It is just a ruling-party ploy to defeat PAN, which is the leading minority party in many states. It is bait that the blue and white party [PAN] is, of course, more than prepared to take. The only arrangement that could give rise to true proportional representation in the Senate would be five senators per state, two elected by majority and three by proportional representation, many of the latter, of course, possibly being from the ruling party. I have racked my brains in this regard for years and have been unable to come up with any other formula that matches the federal representation of the states and the representation of the parties in society. Only with five senators per state could we have true proportionality. The PRI proposal is nothing more than a dirty maneuver to get PAN on its side. And I think that it is going to be successful.

Eliminating the so-called proportionality clause is good but not enough. Replacing the principle that the majority party, by getting 35 percent of the vote, wins one half plus one of seats in the Chamber of Deputies, with one under which the same party shares in the distribution of proportional-representation deputies on the basis of its actual vote, does not change the advantage accorded this party one whit. Quite to the contrary, it helps it even more. On the new basis and with the vote totals that are regularly attributed to the ruling party, it may win a lot more seats that the principle of governability allows it. This is a trap that the opposition parties must not fall into. Moreover, it is fine to propose abolishing the principle of self-certification, to do away with the so-called electoral colleges in the Chamber of Deputies and the Senate, and to have the Electoral Tribunal issue the ultimate certification. The question is: how is the tribunal to be constituted? It is not enough to give it "full powers." That is the least of it. The important thing is to know whether we will be able to constitute it with magistrates who, as the usual expression goes, are above partisan politics. The one that we have now is nothing more than a committee of notable PRI members. The fourth and fifth proposals have to do with regulating the financing of parties and their campaigns. I would like to see the new regulatory law describe in great detail the way in which party finances are to be monitored and to make sure that there could be no way that any party could have an edge over another because of money. This is going to be very difficult; it does not suffice to say that private financing must go to parties, not candidates. My lifelong proposal has been that parties should receive financing exclusively from the State, not from private individuals. "Passing the tray," as they say, is extremely easy and can be done very privately. We must be on our guard against this, and the PRI proposal does not tell us how.

I think that the least clear and substantial of PRI's proposals is the one that has to do with the review and improvement of electoral procedures. It is good that PRI has accepted a long-standing PRD proposal that the election boards at the voting booths be constituted by a double drawing. The rest, about finding "better controls for the ballots," is sheer rubbish. Furthermore, PRI is harping on its already age-old demand that coalitions between parties be allowed only when there is "a true ideological affinity and convergence." This is truly insulting and nasty. Since when should PRI, a party that is without an ideology and that has forgotten its own history, be able to demand ideological consistency of others? In what country in this world do coalitions have to be ideological? Coalitions are formed around ad hoc interests, and everyone realizes it. Why should the members of PRI, who at times lack not just an ideology but also a modicum of culture, care about the political and ideological integrity of their opponents? Simply out of a desire to hassle! This is the only answer. What moral and intellectual authority could a member of PRI possibly have (it is rare to find one who is not an uncultured boor) to decide whether I should be able to enter into an agreement with a member of PAN or with a priest or with a freemason? What does a rejection of coalitions among opposition groups suggest other than fear that unity among its enemies will defeat PRI at the ballot box? This proposal is not generic; it is aimed at the two leading opposition parties, PAN and the PRD, which have not yet learned how to engage in real politics. What is the difference between a big shot with a scapular and a guerrilla who is embarrassed to vote, assuming that one belongs to PAN and the other to the PRD? As far as I am concerned, to tell the truth, none, if they both realize that we live in this modern, capitalist world to engage in politics. We must take the PRI proposal very seriously, but as the ancients said, "cum grano salis" [with a grain of salt], with appropriate reservations, and without kidding ourselves about its true political motivation, which is none other than to hobble us, once again, on the road to true democratization. They are setting new traps for us. It is our duty to uncover them. This is not a triumph for the opposition, as is so superficially said at times, but rather a challenge that we must meet with resolve, with good arguments, and above all with the integrity that being activists in the opposition demands.

* Skepticism Expressed Over Electoral Proposals

93CA0175A Mexico City PROCESO in Spanish No 871, 12 Jul 93 pp 34-36

[Commentary by the director of the Center of Studies for a National Plan and former PRD [Party of the Democratic Revolution] member Jorge Alcocer: "Reform or Swap"]

[Text] Just when it looked as though the outcome of the electoral reform was going to be frustration, PRI [Institutional Revolutionary Party] made a surprising decision to change course and, on Wednesday the 7th, put forth a new proposal that has spurred expectations about an accord among the three main parties to resolve problems that have been plaguing us since at least 1978.

Putting aside his previous opposition to constitutional reforms, the chairman of PRI's CEN [National Executive Committee], Fernando Ortiz Arana, placed three unquestionably far-reaching proposals on the table:

First, open the Senate to representation for minority parties by having one additional senator per state. This senator would be assigned to the leading minority party in each state, as long as it got at least a certain percentage of the total vote; otherwise, the third senator would be assigned automatically to the majority party.

The second proposal is to eliminate the governability clause in the Chamber of Deputies, which has generated such debate since it was introduced in 1986, and "to assure equal conditions for party access to the designation of multimember-district deputies." No party will thus be able to obtain more than 65 percent of all seats, which would make it impossible for any single party to pass constitutional reforms.

PRI's third proposal has been around longer. It would abolish self-certification by the Legislative Branch and give the Federal Electoral Tribunal full powers to decide the results of the elections for the two houses.

Incidentally, the PRI leader reaffirmed his two previous proposals on the important issues of financing, campaign spending limits, the mass media, and election observers.

While Diego Fernandez de Cevallos, the legislative coordinator of PAN [National Action Party], is already envisioning a new honeymoon between his party and

PRI, symbolized by his humming of the wedding march (EL FINANCIERO, 8 July 1993, p 42), the PRD reacted cautiously and the other parties with open uneasiness or fear of losing concessions that they thought they had in their back pockets.

I am particularly skeptical about the real chances that at least the two main opposition parties can reach an agreement pursuant to the new PRI proposal in the time that is actually available. Unless PRI is prepared to negotiate its proposals point by point, without requiring their acceptance as a package, I think that we are looking at an unacceptable proposal.

The central problem is the swap that PRI is offering. In exchange for opening up the Senate and repealing the governability clause, the opposition has to accept a formula for the makeup of the Chamber of Deputies that was categorically rejected in 1986 and 1989. This formula has been proposed in "encrypted" form in the phrase "assuring equal conditions for party access to the designation of multimember-district deputies."

What does PRI mean? Very simply that in apportioning the 200 multimember-district seats the majority party, PRI in other words, would participate with all its votes. Let me illustrate this with an example. In 1988 PRI got 51.9 percent of the vote, 234 single-member seats, and 26 proportional-representation seats, making a total of 260. The governability clause in effect at the time did not apply because PRI won more than half the votes.

If the formula that PRI is now proposing had been in place in 1988, its 234 single-member seats would have been complemented by 51.9 percent of the proportional-representation seats (200), which would give it 104, making a total of 338, 30 percent more than it got under the arrangement in effect in 1988 and an overrepresentation of 15.7 percent. Needless to say, the 78 extra deputies that PRI would have elected under the new formula would have come from the opposition parties with the most votes.

To compensate its opponents, PRI is willing to have the constitution say that no party can obtain more than 65 percent of the seats. In other words, PRI would have had 325 deputies in 1988, 13 fewer than it would have gotten under the direct formula but still 65 more than it actually got. A reform of the constitution requires the approval of two-thirds of the deputies present at a session. At most, 333 are required, which means that PRI would have been just eight votes short of such a two-thirds majority. As we know, this is what the parastate parties are for.

In short PRI is proposing an arrangement that would accord a dual value, a dual representation, to the votes of the majority party, and this is unacceptable from any legal, democratic standpoint. For these reasons I feel that the reform will remain stalled unless PAN's inconsistency with its own principles reaches the extremes it did in 1989 and 1990.

One arrangement that I consider acceptable is for the minority parties that win single-member-district seats to have these victories regarded as part of their overall vote count. In other words, if in 1988 PAN won 31 single-member seats and 18.3 percent of the vote, it would be entitled to 92 deputies. Since it already had 31 single-member seats, it would be assigned only 61 proportional-representation deputies, not 68, as was the case that year. The system would thus tend to be fairer and more accurately proportional.

Moreover, the governability clause could be stricken outright or else kept as a majority guarantee when no party wins a simple majority but when the leading vote-getter surpasses the threshold of 45 percent.

As for the two other proposals, I find the one concerning the Senate to be the most viable of those we have seen so far, as its virtues are several. It maintains equality among the states; the total number of senators does not increase disproportionately; and the leading minority party must garner a significant percentage of the vote (perhaps a threshold of 15 or 20 percent of the total in each state), which would prevent senators from being elected with 1.5 percent of the votes. Its effects on the current system of electing half of the Senate each time would have to be studied in detail, in any case.

Some will say that the arrangement favors a two-party or three-party system. That is true. But it is also true that the voters themselves have shaped our political systems with their ballots, eventually putting it on a seemingly irreversible course towards a national three-party system and a two-party system in many states. Moreover, the additional slates for proportional representation in one section of the Senate (32) would shatter equality among the states and give rise to the strange category of senators representing the entire republic versus senators from one state.

As for the disappearance of the electoral colleges, I have no doubt that there ought to be a move in this direction. I suggest that lest we encounter surprises along the road, we immediately start formulating proposals for the makeup, powers, and duties of the Federal Electoral Tribunal and the regulations concerning electoral disputes.

Finally, two additional obstacles reinforce my skepticism. PRI has reaffirmed its proposals on several key points. These proposals represent in many cases a "suit that is tailor made" for the needs, fears, and reflexes of the most closed-minded, antidemocratic faction of the ruling party. They are unacceptable from a democratic perspective, and furthermore, as in the case of Mexican citizens who decide to serve as election observers or Mexicans residing overseas, they represent flagrant violations of individual liberties and political rights.

The other obstacle is time. If the special session that will hear and vote on the constitutional reforms takes place in the first half of August, we can expect that unless the legislative "microwave oven" extends to the National

Congress, the state legislatures (at least 16 of them) will require at best one month to render their verdicts. Once this has been done, the Standing Committee will have to issue its declaration and submit the reforms to the Executive Branch so that it can promulgate them and have them published in the Diario Oficial [Official Gazette].

Until these formalities are taken care of, the Congress of the Union will not be able to start discussing the reforms of Cofipe [Federal Code of Electoral Institutions and Procedures], owing to elementary legal procedure. There are two possibilities: one, another special session around late September; the other, wait for the regular session, which will open on 1 November. In either instance the Federal Electoral Institute, the Tribunal, and the parties would have extraordinarily little time to make the legislative changes and thus be in a position to comply with the mandate under which the preparatory phase of the 1994 federal election must begin the first week of January.

As we can see, there is little reason for optimism, unless Diego Fernandez de Cevallos decides to turn the wedding march into another funeral march for the democratic aspirations of millions of Mexicans.

Belize

British Troops To Remain in Belize

PA1808151093 Madrid EFE in Spanish 1909 GMT 17 Aug 93

[Text] Mexico City, 17 Aug (EFE)—Prime Minister-elect Manuel Esquivel has said that the British Army will maintain a military presence in Belize until relations between Belize and Guatemala improve. Relations between the two countries deteriorated following the 25 May self-inflicted coup.

"The withdrawal of British troops would represent the end of a guaranteed defense in Belize and for this reason, the Belizean Government has asked the British Government to keep its troops in the country," Esquivel said in an interview published today by a Mexico City daily, EL SOL DE MEXICO.

Despite the fact that the definite withdrawal of British troops from Belize was announced in May, at least 2,000 British and Nepalese soldiers will remain in the country to ensure the sovereignty of the former British colony in light of the hypothetical threat of a Guatemalan intervention.

The withdrawal of British troops from Belize was decided prior to former President Jorge Serrano's "self-inflicted coup" on 25 May "but unfortunately, the Guatemalan democracy's stable situation has changed," Esquivel said.

The prime minister-elect reiterated that now, much uncertainty prevails among the Belizean people.

"There are," Esquivel added, "obvious contradictions with the current Guatemalan Government. We are currently at a standstill and we cannot be sure what attitude Guatemala will adopt tomorrow."

Manuel Esquivel said that there is an evident setback in the relations with Guatemala, and added that relations with the Serrano government had developed "along a very good path."

Esquivel said that the Guatemalan Government should change its attitude and recognize the sovereignty of the neighboring country, even though he admitted that "in Guatemala, the topic of Belize encompasses very strong emotions. We shall wait and perhaps soon we can return to the silent diplomacy of the past."

In conclusion, Esquivel said that, if necessary, Belize will go before the OAS to solve its problem with Guatemala.

Costa Rica

Article Views Status of Structural Adjustment Program

PA1808133493 San Jose LA NACION in Spanish 12 Aug 93 p 6a

[Report by Marvin Barquero S. and Rodolfo Martin]

[Text] At the same time the government rejected withdrawing the PAE III [third Structural Adjustment Program] from the Legislative Assembly as a prerequisite to restart talks with the PLN [National Liberation Party], the Social Democrats warned that the program would then be "buried." A meeting between government and PLN representatives was unable to be arranged despite efforts undertaken on 10 August through several telephone calls aimed at overcoming all obstacles.

President Rafael Angel Calderon stated that he does not believe there is any need to withdraw the PAE III proposal from the Legislative Assembly in order to negotiate complementary bill proposals with the PLN.

PLN presidential candidate Jose Maria Figueres had proposed negotiating 17 bills complementary to the PAE III before proceeding with the program approval, which is tied to a $350 million loan with the World Bank to be used to modernize the economy.

Meanwhile, the Executive Branch sent the project to the Legislative Congress and said the procedure is too slow and should be expedited, adding that this should not interfere with other congressional discussions.

However, Figueres described the decision as unacceptable because one of the requirements for the World Bank loan disbursement is the approval of the structural adjustment program.

Figueres added that under the current conditions the Legislative Assembly must first approve the complementary bills in order for the loan disbursements to be obtained during the next administration. "Once we are in power, the Social Christian Unity Party (PUSC) could delay the bill's approval in order to block the PLN's government program" Jose Maria Figueres added.

Figueres said the government sent the legislators an initiative, the contents of which, meaning the 17 laws that must be satisfactory for the World Bank, are unknown. "Deputies cannot really vote on a bill under these conditions," he warned.

However, 25 legislators consulted on 11 August said they would rather approve the PAE III before the next elections; only three said they would do it after that event. Nevertheless, 16 of the 28 deputies interviewed said the goal will be achieved, whereas 12 were skeptical.

Although the meeting between the government and the PLN was not held on 11 August, President Calderon said the possibility of a dialogue is always open. However, both President Calderon and Presidency Minister Rolando Lacle insisted there is no need to withdraw the bill from the assembly. Figueres insisted the bill package must be negotiated first.

Calderon and Figueres agreed on something at least. They both believe the adjustment program is necessary to continue the Costa Rican economy's modernization. This could facilitate the resumption of negotiations.

Nevertheless, on the evening of 11 August, Figueres insisted he is concerned about the pledge to relocate 25,000 public employees to the private sector, leave foreigners in charge of the local oil market's modernization, open the insurance market in 30 months, and the finance sector's modernization.

El Salvador

Cristiani Comments on FMLN Weapons Caches

PA1808224193 San Salvador Radio Cadena YSU in Spanish 1812 GMT 16 Aug 93

[Report by Enrique Lemus]

[Text] This morning, President Alfredo Cristiani disclosed his opinion regarding the last weapons inventory surrendered to the UN by the Farabundo Marti National Liberation Front [FMLN]. According to the Salvadoran president, the FMLN has made tremendous efforts to disarm. Nevertheless, the government must also evaluate the reasons why this organization has decided to continue hiding weapons caches in Nicaragua or others that may be hidden throughout El Salvador.

[Begin recording] [Cristiani] My personal opinion, which is based solely on comments made by Dr. Ramirez Ocampo, chief of the UN Observers to El Salvador [Onusal], is that there was a substantial effort undertaken by the FMLN. We are considering the issue from the perspective that the FMLN must surrender all of its weapons, as well as dismantle everything related to its military structure, per the conditions of the peace agreements.

In this respect, I believe it is important to evaluate why the FMLN initially abstained from including a large portion of its weapons. Because it is said that the FMLN has made tremendous efforts to surrender all of its weapons, then obviously there were a large number of weapons that were not included from the start. What were the FMLN's reasons for not including these weapons?

Basically, I believe the important issue here is that more weapons will undoubtedly be found. I believe the FMLN has not surrendered all of its weapons. Nevertheless, it is important that the FMLN's framework and ability to employ these weapons must cease to exist. In this respect, the government's position regarding any other weapons caches uncovered from here on out will be to deal with the problem as a common criminal issue. We will no longer link the issue to the noncompliance of the peace agreements.

We believe the population has already judged and will continue to judge the FMLN's sincerity on this issue. We believe it is important for the UN to continue its efforts to gather any weapons that may still be left unchecked. The FMLN has a valid reason when it says that several of the caches or smaller inventories were hidden by people who were subsequently killed in action and that currently there is not much information on the caches because of the way the organization was structured. If this is the case, then these are weapons that will remain buried who knows where, and one day, someone will accidentally dig a hole to plant a tree and will uncover an arsenal. This will be something like the days when pirate muskets where constantly being dug up in the coffee plantations. [laughs]

Nevertheless, it will be an entirely different matter if we uncover a fully equipped arsenal, which is what we hope not to find. It is very difficult to guarantee that the FMLN is going to surrender all of its weapons. Personally, I believe that there are significant and not merely casual differences between the FMLN leadership and its grass roots. The important point here is to ascertain if this new total, of which we know nothing of its overall amount, is similar to what we believe should have been the original inventory, given the information and estimates we had prepared.

[Moderator] [words indistinct]

[Unidentified reporter] Good morning, Mr. President. It sounds to me as if [words indistinct]. First, if you could explain more about what you mean when you say that, in your opinion, the FMLN has not surrendered all of its weapons. Second, changing the subject a bit, if you could comment on the purpose of the Nicaraguan Government's mission, that arrived in El Salvador this past weekend. Third, how is the [words indistinct] plan with the Army, or part of the Army, progressing?

[Cristiani] First, our personal opinion is based on subjective criteria, such as when we see how the FMLN reacts when someone comes out and says that this or that weapons cache still exists, or when it suddenly indicates it has forgotten a particular inventory, which is then found and destroyed. In other words, the FMLN has not given any evidence that it is committed to freely surrendering all of its weapons.

All of this is based on what objective the FMLN was pursuing in December, prompting it not to surrender its entire weapons inventory. With respect to the FMLN's plans, well, that is something everyone will have to evaluate on his or her own. The issue is why did it have to resort to deceit on 15 December? According to Onusal, the FMLN abstained from surrendering a significant number of weapons. Have the FMLN's plans changed so much from 15 December that today we should now believe it has surrendered all of its weapons?

In general, we believe there are factions within the FMLN which are not interested in being incorporating into a fully legal framework.

We are all aware of the differences between the various FMLN groups, including those at lower, middle, and even among the highest levels. There are even differences among specific groups. Well, not all FMLN sectors are involved. I have no specific confirmation of this, but I understand there is a group that has not surrendered one single weapon since this new phase started.

[Reporter] [Words indistinct]

[Cristiani] Well, I would not like to disclose any information on this issue until we have received more concrete reports. In general this was information received from Colonel (Alejandri) without specifically mentioning which group. I do not believe one group could have been left out of the 15 December strategy. In this respect someone is still....[pauses] As relates to the peace process, what is really important is for the FMLN's military capability to be eradicated. [Word indistinct] is that we are going to continue uncovering weapons, and the government's position will be to deal with it as a criminal offense regardless of who may be involved. Let us suppose that the group I referred to previously decides to conceal weapons. We locate the weapons and the people guarding the weapons say they received orders from higher ups. In this respect, those higher ups are also involved because they gave the orders. We have mentioned this to ONUSAL because it is a very sensitive issue, since the FMLN may later claim that there is some type of scheme behind all this. The issue has already been discussed with ONUSAL. I believe that there may still be weapons that have not yet been surrendered.

There are various elements at work here, such as why they lied the first time. Is this a change in strategy? Why are there such great differences among them? Second, the deputy interior minister invited us to take part in a joint investigation of all the elements involved in the Santa Rosa cache in Managua. We agreed to this and a State Intelligence Organization mission will go to Managua where I understand there will be Spaniards and people from the United States. I believe efforts are being made to bring people from other countries such as Mexico, Venezuela, Brazil, and El Salvador, countries that in one way or another are involved.

Those of you who were at Amapala may recall that Nicaraguan President Violeta Chamorro specifically invited Interpol and the FBI. Apparently that is why they wanted the countries involved to also be represented. Thus, yesterday we accepted the invitation and we are attending in Managua.

Third, we believe that the exercises carried out in areas with a persistent crime rate continue to show good results. In areas where there is surveillance, the incidence of crime has diminished considerably, which allows the National Police to work more effectively by giving them more men to use in certain sweep operations against gangs. [end recording]

FMLN Leader Says Exercise With U.S. Deployment Pretext

PA1808144493 San Salvador Canal Doce Television in Spanish 1200 GMT 18 Aug 93

[Text] FMLN [Farabundo Marti National Liberation Front] leader Salvador Samayoa has said the Armed Forces will use the construction of major social projects by U.S. soldiers during Operation Fuertes Caminos as a pretext to deploy some of its units to different parts of the country, something the people could interpret as an act of intimidation.

[Begin Samayoa recording] By using the major construction projects that will be conducted, the Salvadoran Army will deploy a large number of soldiers in several areas of the country. Considering war wounds are still open or fresh, the people could interpret this as a kind of intimidation. [end recording] The FMLN position is at odds with Arena's [Nationalist Republican Alliance] views on the matter. Arena Deputy (Julio Galeno) said Samayoa's remarks are simply a means to throw up a smoke screen on the group's image, marred by its failure to comply with the peace agreements dealing with issues of with surrender and weapons destruction.

[Begin Galeno recording] They are trying to throw up a smoke screen on the situation, marring their image now that weapons caches are being found and destroyed. They are trying to divert the public's attention. [end recording] The PDC [Christian Democratic Party] feels, however, that there are grounds for the FMLN's concern, which is why it will be ready to react in case of any incident.

[Begin unidentified PDC member recording] There are grounds for FMLN's concern, but we hope this will not happen. If it does, we will receive the information at the appropriate time and react accordingly. [end recording]

Politicians may talk a great deal about the matter, but the fact remains that U.S. soldiers are already working here on the combined civilian-military project with the local Army.

ONUSAL Concludes Dismantling FMLN Military Structure

PA1808221593 San Salvador Radio Cadena YSU in Spanish 1826 GMT 18 Aug 93

[Text] On 18 August, the UN Observers for El Salvador, ONUSAL, said that the military structure of the Farabundo Marti National Liberation Front [FMLN] has been dismantled. According to ONUSAL chief Dr. Augusto Ramirez Ocampo, this conclusion was reached following the verification and destruction of the weapons declared by the FMLN, a process carried out in two key phases, the first of which began 15 December

1992 and concluded 23 May 1993. The second phase began 21 June 1993 and concluded 4 August 1993, although the actual destruction took place over the past few days.

During the final phase, 109 arms caches were verified and destroyed in El Salvador, 14 in Nicaragua and five in Honduras. The weapons that were destroyed together with those that were previously eliminated yielded a total of 9,851 individual weapons; 379 collective weapons; 74 SAM-7, SAM-14 and SAM-16 missiles; 4,032,606 cartridges; 139 rockets; 9,228 grenades; 5,107 kg of explosives and 63 sets of communications equipment.

[Begin Ramirez recording] To these figures I must add that according to an examination of Armed Forces Press Committee bulletins, between 1981 and 1991, the following weapons were seized from the FMLN: 4,115 rifles which, according to other sources, may have been as many as 7,000; 31 missiles; 132 submachineguns; 133 mortars and 4.5 million cartridges.

In general terms, when ONUSAL verified the destruction of the arms caches declared by the FMLN to date, we believe we have dismantled the FMLN's military structure and that its members have rejoined the country's civilian, political, and institutional life, within a framework of full legality, in accordance with the peace agreements.

Likewise, the FMLN's general coordinator and the members of its Political Commission have provided, according to their knowledge and understanding, all the information possible to dismantle that structure. [end recording]

The chief of ONUSAL, with regard to weapons used exclusively by the Army, asserted that the verification of the surrender of these weapons concluded on 8 August. Included were 1,441 weapons, of which 549 have been collected and are in the custody and control of the Salvadoran Armed Forces.

[Begin Ramirez recording] It was also ONUSAL's duty to verify the inventory presented by the Armed Forces regarding weapons used exclusively by the Salvadoran Armed Forces [FAES], which had been surrendered to individuals and institutions. The verification of weapons controlled by the Defense Ministry concluded on 8 August. The lists presented included 1,441 weapons, of which 549 have been collected and are in Armed Forces custody and control at military facilities. The remaining 892 weapons have not been collected but they are under the control of the FAES. These weapons are still at institutions such as penitentiaries, the Salvadoran Bank and traffic police. These weapons, according to the agreement, must also be collected.

ONUSAL has always insisted on the need for the government, National Commission for the Consolidation of Peace and Legislative Assembly to promptly reach an agreement regarding the issuance of drastic regulations on the right to own and bear weapons, which would allow the authorities to maintain a systematic and permanent campaign to recover all the weapons used exclusively by the Armed Forces, which are now in the hands of individuals. [end recording]

To conclude, the ONUSAL report indicates that the mission expects this to be the true end of the country's military phase, therefore, in its final observations, it states that the military structure of the guerrilla organization-turned political party has been totally dismantled.

Guatemala

President Said To Replace Commerce Minister

PA1808172593 Panama City ACAN in Spanish 2114 GMT 16 Aug 93

[Text] Guatemala City, 16 Aug (ACAN-EFE)—An official source has said that Guatemalan President Ramiro De Leon Carpio replaced Commerce Minister Cesar Alcides Soto Rodas on 16 August. The official source, who did not disclose the reasons for the replacement, said that Fanny de Estrada, a marketing specialist, was appointed to replace Soto.

A presidential spokesperson confirmed the ministerial change, which he refused to describe as surprising, moments before the weekly Monday cabinet meeting began.

Fanny de Estrada, executive director of the Union of Exporters of Nontraditional Products [Gremial de Exportadores de Productos No Tradicionales, Gexpront], will replace Cesar Alcides Soto Rodas, an expert in integration who headed the Commerce Ministry and previously held the office of deputy economy minister for 37 days.

Soto, who took office 9 July, thus completing the new government's cabinet, was deputy economy minister during the de facto government of General Oscar Humberto Mejia Victores (1983 to 1986).

This is the second cabinet change President Ramiro De Leon Carpio has made. The first change occurred on 29 June when he removed Defense Minister General Mario Perussina and appointed Gen. Mario Enriquez to replace him.

* Corruption, Impunity, Violence Rampant Under De Leon

Guatemala City CRONICA in Spanish 30 Jul 93 pp 19, 20, 23, 24

[Article by H. Shetemul and J. Garcia]

[Text] After having been one of the main figures in the peaceful resistance to the palace coup by Jorge Serrano, Ramiro de Leon Carpio has become famous as the man of the political transition. He shoved off and began sailing in our troubled waters. With the wind from the

National Institution of Consensus at his back, he succeeded in grabbing the presidency of the republic and, waving this banner, became the hope for overcoming the crisis.

Two months later, however, the figure of the former attorney general for human rights has gotten lost amid the waves and the sharks that are lying in wait for the ship of state. The energetic man who defended the constitution tooth and nail has become a sort of audience-holder who has not managed to chart a course for his ship. And to prevent a wreck, over the next 180 days he is planning a series of palliative projects bearing the Serrano label, as do most of the lesser officials who are with him on the voyage. In the midst of the storm, however, the riots and burning of buses, the impunity in Public Health, the holdups, the murders, and the insecurity among citizens have continued, and they are now compounded by corruption at San Carlos University. The chief executive has done little or nothing to help purge the Supreme Court and the Congress of the Republic, which have become his unwanted traveling companions. The impression is thus spreading that life remains the same in these rough seas.

When De Leon Carpio took over as president, his standing was boosted considerably by the high degree of credibility that he enjoyed among Guatemalans. An opinion poll that the firm Aragon and Associates conducted in the capital on 20 June showed a high degree of support for him. Seventeen percent of the respondents considered his performance in office excellent, 23 percent very good, 37 percent good, and just 10 percent so-so. A month later, on 20 July, the same firm did another survey that reflected a slight decline in the president's rating: 14 percent regarded his performance as excellent, 20 percent as very good, 38 percent as good, 24 percent as so-so, and 1 percent as poor. Although in statistical terms these numbers do not show much change, they presumably reflect a shift in the mood among capital city residents. What has happened in such a brief period of time to produce such discouragement?

In searching for answers, we should realize that Guatemalans had complete confidence that with the arrival of the former attorney general for human rights in the president's office, the country's situation was going to change markedly. His image as a political outsider, his vigor in denouncing injustices, the distance that he kept from corruption in the Congress and the Supreme Court, and his statements about the need for a 180-degree turn in the country created expectations about a new course for government. But after two months in office it would seem as though nothing is happening and that there is no captain at the helm of government.

The prevailing opinion among the people interviewed by CRONICA is that the chief executive lacks steadfastness and is a vacillating decision-maker. "His slowness to make decisions can be attributed to his legal training," says Jose Luis Chea, the secretary general of the party Democratic Union (UD), adding that the chief executive "has been unable to convey an image of solid leadership and must realize that he cannot be on good terms with all of the country's sectors."

Both civilian and military circles feel that the government's apparent stagnation and the chief executive's indecision are due to the search for consensus. Yet this policy is presumably leading to the virtual immobility of the machinery of government because the chief executive is spending more than 80 percent of his time at audiences, which prevents him from running the cabinet. "This consensus is merely a facade, because Ramiro has in fact brought in his close friends and colleagues and set the proposals of the various sectors aside," asserts Mario Solorzano, the secretary general of the Democratic Socialist Party (PSD). Solorzano and businessman Victor Suarez, for example, note that in the National Institution of Consensus (INC) the unions and employers reached separate agreements to nominate Carlos Contreras (the former deputy labor minister) as labor minister and Haroldo Rodas (the former deputy foreign minister) as foreign trade minister. The president of the republic received these proposals and reportedly took them into account but wound up ignoring them and appointed others as heads of those ministries.

The PSD leader asserts that "the current government is made up of technocrats who do not have much experience and who represent no one." As far as other analysts are concerned, the problem is that when De Leon found himself alone vis-a-vis the machinery of government, he turned to his close friends and colleagues, both from the Office of Attorney General for Human Rights and from the National Union of the Center (UCN), in which he had been active. "He put together a cabinet of friends and colleagues, which has created a system of loyalties," says Elfidio Cano, from the Institute of Political Research and Self-Training (INIAP).

This was presumably the first group to surround the president. A second one then began to form, bringing together the presidential staff and the sometime politicians who see that they have a chance to break into the top echelon of government, for example the deputies from the bloc for change, headed by Jorge Arenas.

As happened with his predecessors, the chief executive is starting to drift, because the traditional pattern of government has not been broken and has begun to frequent the streets around the Presidential Palace, where the president has ultimately wound up living even though in his initial statements he had claimed that he never would. To analysts this is further evidence of the chief executive's inconsistency in decision-making, which could eventually entangle him in the military clique that resides in the palace.

Unlike the unhurried De Leon, Vice President Arturo Herbruger has given evidence of greater boldness in his statements, even causing trouble for future presidential decisions, as in the cases of electric power and the pardon of former Army Colonel Nicolas Gutierrez, who had been sentenced to die. According to confidential reports, the intention is to "make less room" for Herbruger so as to prevent controversies, which make him look like someone who is making firm decisions and acting altogether independently from the rest of the government.

Cano feels that the situation in which De Leon finds himself is only part of the governability crisis that did not end with Serrano's fall. Today, as under the previous government, there is still no government plan or efficient working group, and the factors of power remain unchanged. The lack of a political party to defend the government and do some lobbying for it means that in the future the president will have to search for support in the market of self-seeking politicians. "Since the confidential funds do not exist, no money will be available, but the deputies could present the president with a political invoice," Cano notes.

Perhaps for this reason De Leon has done nothing about purging the Congress and the Supreme Court, and in the long run this could mean headaches for him because he will find it difficult to coexist with institutions that include politicians against whom there is a public outcry.

Military experts are also pointing to the president's vacillating because, they say, this has prevented the moderate line within the military from consolidating itself. "He let General Roberto Perussina serve 22 days as defense minister, and this helped the hard-liners gain ground," says one military analyst. He indicates that he did likewise by not discharging General Francisco Ortega Menaldo (the chief of staff under President Serrano), who is said to have been Serrano's military mainstay. This has reportedly enabled the hard-liners to find backing among certain businessmen, who have begun to sabotage the government's peace proposal, which could create problems for it in achieving a definitive cease-fire with Guatemalan National Revolutionary Unity (URNG).

Civilian voices have also emerged to underscore the need for more in-depth changes in the structure of the military. At the forum "In the Wake of the Coup," Jose Zarco, the editor of PRENSA LIBRE, indicated that "there are still people in the military who have not been purged, as is the case with General Ortega Menaldo." The newsman added that "if the government does not take responsibility for such changes, it may create frustration and put an end to the expectations of Guatemalans."

Ramiro de Leon's face betrays the exhaustion caused by the long workdays that he has had to put in. Some of his colleagues say that since 6 June he has worked from eight in the morning to midnight, including Saturdays and Sundays. "He has had to devote a lot of time to building a consensus, and solving problems in the military has taken a lot of his time," an official source says. This explains why the chief executive has had to hold exhausting audiences, which have turned him into a sort of ear for diplomats, special envoys, and even complaints and proposals.

Guatemala's presidential system has taken its toll on the man who until two months ago was the attorney general for human rights and whose main task was to draft resolutions against the people who violated them. Our source says that in seeking colleagues among prestigious figures he was unable to strike a responsive chord because the ministries became far from appealing places when the confidential funds ran out. The lack of these appropriations, plus the wear and tear of two and half years in this transition government on a professional with political ambitions, forced the chief executive to seek other colleagues who would accept the new conditions in the cabinet.

In the view of Ana de Molina, the executive secretary of the presidency, the expectations that Ramiro de Leon's rise created mean that the population is eager for immediate results. "The president himself has acknowledged that Guatemalans have the impression that the government has not gotten off the ground, but he has made every effort possible to move out of the first stage of putting together his cabinet and lobbying to develop a consensus," she says.

Specifically, she adds, from 26 to 29 July the chief executive has called off all audiences so that he can sit down and discuss plans with the cabinet and then do an initial assessment on Friday the 30th. "By 15 August he will have positive answers to present to the country," she indicates. The government needs more time, however, to demonstrate its effectiveness because most of the projects that it is pushing at present are long term.

According to De Molina, "government work is like that of a housewife; it goes unseen but has to get done because otherwise there are more complaints." Accordingly, she talks about lobbying efforts with the various sectors, the peace proposal, and the 180-day plan, which is being drafted concurrently with the plan for the next two years.

The executive secretary of the presidency, who is in charge of coordinating government projects, shows drawings of 15 projects that this government has already completed and of nine others that will be done by August. De Molina says that the government's critics do not realize that violence, such as rioting, is a distraction that wastes time and prevents the short- and long-term plan from proceeding. "The minister of education is unable to focus on his educational development programs because the bus burnings and the arguments between businessmen and students are taking up most of his day," she adds. She insists, though, that "the government needs at least six months to show what it can do so that the people can judge whether it has delivered or not."

Although most political and social circles complain that the chief executive has been indecisive and lacks inspiration, they acknowledge that De Leon became president under trying conditions. "The credibility that he earned as attorney general helped to create greater expectations than could be fulfilled in practice," notes Jose Pinzon, the secretary general of the General Confederation of Guatemalan Workers (CGTG). Pinzon is of the opinion that "owing to the frustration and disillusionment that the previous civilian governments caused, Guatemalans are now calling for immediate solutions, and this is not possible in light of the current crisis."

Perhaps this is why De Leon hastily submitted a comprehensive plan for 417 infrastructure projects that in the long run will do nothing to overcome the extreme poverty in which 80 percent of the population finds itself. "It is a letter to Santa Claus, because he wants to do four projects a day, and that is impossible," remarks Victor Suarez. But aside from the shadow of the palliative projects like the ones that Vinicio Cerezo and Jorge Serrano wanted to promote, there is this one stark everyday fact. Life seems unchanged.

The holdups and murders are being compounded by rioting and the burning of public buses. The impunity that is corroding the health-care sector is compounded by the corruption that has not been altogether eliminated from government or quasi-government institutions, such as the case uncovered in San Carlos University. And what depresses Guatemalans the most is that the spirit of 1 June, of purging and cleaning up government bodies, has been lost, while the corrupt continue to do as they please in the Congress of the Republic and the Supreme Court.

Perhaps for this reason the citizenry is turning its eyes to the charismatic leader who, back in May and June, was able to take up his historic role and assume the presidency of the republic but who now seems to have lost that initial momentum and, instead of continuing to head the crusade for constitutional rule and government housecleaning, may become just another tenant in the government palace.

Honduras

Army Confirms Dismantling of Military 'Death Squad' Office

PA1808172793 Mexico City NOTIMEX in Spanish 0020 GMT 17 Aug 93

[Text] Tegucigalpa, 16 Aug (NOTIMEX)—On 16 August, the Honduran Armed Forces confirmed the dismantling of the Battalion 3-16 support office known as Technical Military Projects (Promitec). Promitec was identified by human rights organizations as a "death squad."

According to the human rights organizations, Promitec, which was staffed by journalists, psychologists, and doctors, was responsible for preparing the profiles or backgrounds of persons, political, and business leaders. The human rights organizations added that Battalion 3-16, which was created in the eighties during the administration of President Roberto Suazo Cordova, was responsible for kidnapping and murdering more than 100 leaders of various people's groups.

Military sources confirmed to NOTIMEX that Promitec was dismantled for financial reasons following orders from General Luis Alonzo Discua Elvir, the head of the Armed Forces. Colonel Mario Hung Pacheco, commander of the Public Security Forces (Fusep), said recently that the military had profiles of all the journalists in the country.

According to reports by people's organizations, Promitec made posters that were put up on buildings in Tegucigalpa at night. These posters were against leaders of people's groups, such as Human Rights Committee President Ramon Custodio.

Unofficial sources indicated that files containing profiles on journalists, citizens, and political and business leaders were passed on to the Armed Forces Military Intelligence Department.

People's organizations revealed that, regardless of Promitec's closing, Battalion 3-16 is still operating.

Nicaragua

Further on Chamorro Refusal To Fire Ortega, Lacayo

PA1908031293 Managua Sistema Nacional de Television Network in Spanish 0100 GMT 16 Aug 93

[From the "Weekly Summary" program]

[Summary from poor reception] "In statements to the press, President Violeta Chamorro called the demands of Cosep [Higher Council of Private Enterprise] and UNO [National Oppositon Union] that she dismiss the minister of the presidency and General Ortega as unacceptable."

Chamorro said: "Since there is so much freedom of press, everyone has the right to [words indistinct] each person in due time. I am not going to fire anyone, much less am I going to accept impositions from anyone [words indistinct], Gen. Humberto Ortega mainly, as he is the one you have in mind, or any other person. Military reform is being done here [words indistinct] basic military law." Chamorro goes on to say that "she will soon submit the Military Draft Bill to the National Assembly."

The president then discussed her conversation with Alexander Watson, U.S. deputy secretary of state for Inter-American affairs, saying: "It was a good conversation [words indistinct] they are saying we are all enemies of the United States; quite the contrary, we are friends of the United States. The deputy secretary of state for Inter-American affairs was a very nice gentleman [words indistinct] where Nicaraguans stand [words indistinct]."

Commenting on the arms caches found in Nicaragua, the president said: "It is a very alarming situation [words indistinct] I do not tolerate arms caches in our country. If they hid arms caches in the country, it is a different story. If arms caches were found [words indistinct]) everyone to help us investigate and verify [words indistinct] laws of the country. Nicaragua cannot do this alone. The tragedy is that everyone talks about it but the arms caches are in our country. [passage indistinct] If we have to extradite some people, we will do so."

Referring to the amnesty bill, the president said that it "will not apply to the chief of the FPI [Leftist Punitive Forces) or the FROC [Peasant-Worker Revolutionary Front] leader." When asked what she will do if the General Amnesty Bill is not approved by the Assembly, Chamorro replied: "Then I will veto it."

Regarding a possible alliance between the Sandinist Front and UNO, Chamorro said: "Since long ago I have heard they have maintained [words indistinct] UNO and the Sandinist Front [words indistinct].

The president concluded by emphasizing the "advancement of freedom of press in the last few years in Nicaragua."

Argentina

* Privatization of National Savings Bank on Hold

93SM0343B Buenos Aires CLARIN in Spanish
21 Jun 93 pp 20-21

[Article by correspondent Gustavo Bazzan—first paragraph is CLARIN introduction]

[Text] Jose Romero Diaz, Cavallo's man and the new manager of the savings bank, has wiped the slate clean. He has dropped the former plan dividing the bank into six components. Now he will sell it as is (an insurance company and a bank). He hopes to get 10 times more money than before, and is talking in the range of $150 million.

"We have no idea how we are going to sell it or even when," was the simple answer Jose Ignacio Romero Diaz gave CLARIN. He is the brand new manager of the National Savings and Insurance Bank. Several seconds earlier he had been asked about the fate of the nation's leading insurance company.

"Minister Cavallo gave us few instructions. He did ask us to put the bank into the best possible state to sell it at the best price." The first certainty they have in the CNAS [National Savings and Insurance Fund] is that the idea of selling a holding of six companies has been dropped. "We are going to sell what there is: an insurance company and a bank." The rest (a prepaid medical plan and a pension funds' administration firm) was abandoned because "it is crazy to try to sell something that does not exist."

The people at the bank repeat that they know what there is for sale but how the operation will be done has not been worked out. "Depending on the time they give us to reactivate the bank, we will decide on some option. We do not even eliminate the possibility that it might be sold like YPF [Government Oil Deposits]."

Even though Romero Diaz said he is unaware of pressures from local insurance companies, splitting up the ownership of the bank among many stockholders would be a way to neutralize the breakup of a company that still has the largest market share, a fear that has kept the private sector in suspense.

During the aborted privatization process, two competitors had enough financial power to keep out the rest. The Werthein Group, through its companies the Banco Mercantil [Mercantile Bank] and Los W., had joined with a U.S. investment fund, Leucadia, which handles billions of dollars annually. On the other side were the Swiss Union Bancaire Privee [Private Bank Union], along with two other U.S. pension funds, Odyssey Partners and the Quantum Fund, also with a great deal of money involved.

Rejecting the idea of a holding is one of many differences between the new and the old leadership, though Romero Diaz says he has no intention of criticizing the former management, thus evading complaints about the leadership of former manager Juan Gasset Waidatt.

In any event, he says that now the management responds directly to the Ministry of the Economy. "I follow an economic line and the former management followed a political line," he said. There is no doubt about that. Romero Diaz is a Cordoban attorney with ties to banks and insurance companies in that province. He also managed the privatization of SEBGA [Greater Buenos Aires Electric Services], which Cavallo cited as a "model." His deputy is accountant Osvaldo Bessone, an ex-director of the Bank of Cordoba.

Old Friendship

Waidatt's only credential had been a longstanding friendship with President Carlos Menem, but he had substantial differences with people in the Ministry of the Economy.

Because of what happened in the first privatization attempt, which was blocked barely two days before the financial proposals of the competing groups were to be submitted, defining a base price above which proposals could be accepted became a problem without a solution.

The government said that was caused by the lack of a properly audited balance sheet, but unofficially it was said that the private calculations were much lower than official aspirations. It is reported that one of the groups was not thinking of offering more than $20 million, while the Ministry of the Economy wanted between eight and 10 times that amount.

Romero Diaz explains this discrepancy: "It is very hard to sell something that exists only on paper, but I believe a revitalized bank could well be sold at 150 million pesos, depending on how much time they give us."

He also said that the hardest job he faces now is convincing the market and fundamentally the clients of the bank that the idea of liquidation has been eliminated. "The idea that such a thing might happen did the bank a great deal of harm."

* Cavallo Sets Sights on Cordoba Governorship

93SM0343A Buenos Aires CLARIN in Spanish
24 Jun 93 p 10

[First paragraph is CLARIN introduction]

[Text] With his candidacy for the governorship of Cordoba in 1995, Domingo Cavallo is in tune with the presidential signals that have more than once discouraged his presidential aspirations. By arranging his slate of deputies for the internal Cordoban PJ [Justicialist Party] elections, the minister of the economy also gave himself the pleasure of taking away some important backers from his former cabinet colleague, Julio Cesar Araoz, who is also running for governor. Araoz, though, said he is staying in the race, while Jose Manuel de la Sota remains in a legal battle with the party's National Council.

With his decision to run for governor of Cordoba in 1995, Minister of the Economy Domingo Cavallo is putting himself in harmony with the destiny that President Carlos Menem has imagined for him. On more than one occasion Menem has taken it upon himself to discourage Cavallo's presidential aspirations. At the same time, the minister has revived his dispute with the other contender to be the PJ's gubernatorial candidate in Cordoba, Julio Cesar Araoz, with whom he never concealed his differences when they were both in the cabinet.

Cavallo decided to take the plunge in Peronism's internal party elections in Cordoba and to support the alliance that will be headed by his secretary of industry and commerce, Juan Schiaretti, as first deputy, after studying the results of a poll showing Justicialism at a significant disadvantage in relation to Radicalism in the 3 October elections.

This information was provided by a number of politicians who have abandoned the sector led by Araoz and joined with the Cordoban Justicialist Front with the true Cavallo supporters, led by Schiaretti and the mayor of San Francisco, Jorge Bucco.

The realignment of Miguel Balestrini, Humberto Ruggero, Miguel Dalessandro, and the secretary for social action, Oscar Gonzalez—who was also a member of Araoz's staff in that ministry—in support of Cavallo's future candidacy has weakened the hopes of Araoz, who in any event has confirmed that he will head one of the slates for deputy in the party elections on 1 August.

While the former minister of social action [Araoz] has begun to regroup his decimated troops, Jose Manuel De la Sota, the head of the third sector into which the Cordoban PJ has split, continues to resist a second intervention by the party's National Council.

De la Sota refuses to recognize the party's representative, Deputy Angel Ruiz, while he [De la Sota] continues to serve as chairman of Cordoban Peronism. The Federal Chamber had restored the post to him, but a ruling of the Supreme Court of Justice revived the conflict because of the contradictory interpretations that the national leadership and De la Sota's supporters gave that ruling.

Beyond the legal issues involved, De la Sota did not deny the possibility that his Peronist Unity Movement might run its own slate in the August elections.

The "Kangaroos"

In the crisis currently afflicting the Cordoban PJ, provincial Deputy Jorge Montoya, who supports the De la Sota faction, has coined a new term, labeling Balestrini, Ruggero, Dalessandro, and Gonzalez "political kangaroos." Speaking in the legislature, he charged that "they were first born under the umbrella of De la Sota, afterwards jumped toward Araoz, and now they are backing Cavallo."

Even though he has few troops of his own, the ultra-Menemist Leonor Alarcia has become the "prize" of this wrestling match. He is being courted by Araoz, by De la Sota's followers, and by Cavallo's people, who have reserved for him the third spot on their slate of deputies. All agree that having Alarcia would give them the key to open the door of President Menem's office.

The head of the Finance Ministry has let it be known that his willingness to do battle in his province's political arena is a consequence of not finding anyone else in the Cordoban PJ who will ensure the continuation of the economic stability plan he is promoting in the government.

Cavallo feels that his plan has support with the Cordoban electorate, and to back his gubernatorial candidacy in 1995, he agreed to support his deputy in this year's elections, using his economic leadership as the campaign's leitmotif.

More than once Cavallo has hinted that he might be a presidential contender in 1995, but Menem has taken it upon himself to discourage those aspirations, calling Cavallo "a good technician."

Bolivia

Report on U.S. Advisers Called 'Insufficient'

PY1808220193 Madrid EFE in Spanish 1732 GMT 17 Aug 93

[Excerpt] La Paz, 17 Aug (EFE)—The upcoming arrival in Bolivia of 24 U.S. soldiers to cooperate in the struggle against drug trafficking has created a difficult situation for the government of President Gonzalo Sanchez de Lozada in Congress, where the opposition rejected the first government report on this mission.

The announcement of the military instructors' arrival in the last week of August created criticisms in Congress and an embarrassing situation for the Free Bolivia Movement (MBL), the government's ally, which until now was the strongest opponent to the presence of U.S. troops in Bolivian territory.

The explanation given by Foreign Minister Antonio Aranibar, MBL leader, about the need to have the U.S. troops was not very convincing to the opposition, which exerted pressure to suspend the congressional session without deciding either to allow or reject the presence of the military advisers.

The arrival of the U.S. advisers was agreed to by Alberto Saenz Klinsky, the previous administration's defense minister, who authorized the trip without consulting the legislature.

The Bolivian Constitution says the presence of foreign troops in the country must be authorized by Congress and this is why President Sanchez de Lozada asked for permission.

The opposition made up of the Movement of the Revolutionary Left (MNR) and the Nationalist Democratic Action (ADN), which were a coalition in the previous administration, said the report given by Foreign Minister Aranibar was insufficient and demanded that the new government's antidrug policy be known before making a decision.

Official sources told EFE that the military group was to arrive on 12 August but due to problems facing U.S. President Bill Clinton's administration, the trip was postponed until the end of this month.

According to the program, the U.S. instructors will carry out their support work for the Special Antinarcotics Force from 31 August to 29 September. [passage omitted]

Brazil

Army Concerned About U.S. Government's Reaction

PY1808215393 Sao Paulo O ESTADO DE SAO PAULO in Portuguese 18 Aug 93 p 7

[Article by Vanda Celia]

[Text] Brasilia—Army Minister Zenildo Zoroastro de Lucena yesterday held several meetings with his main assistants, among them Army Chief of Staff Domingos Bezerra Leonel, to debate the Amazon issue. The military command's main concern is the reaction of U.S. Government representatives, who conveyed great displeasure in an official note over information released in Congress about the existence of alleged U.S. military facilities in areas bordering Brazilian territory. Brazilian and U.S. diplomats will meet at Itamaraty today and tomorrow. According to an Army officer, the meeting will serve for the U.S. representatives to once again protest the dissemination of such information.

On the Amazon issue, Itamaraty will assume the military command's position. The generals agreed yesterday to reiterate to the U.S. Government representatives that they never made irresponsible statements on the subject, that is, they will assure that they did not report the existence of foreign bases north of the Brazilian border. One of the High Command generals blamed the reports on the fact that the members of the Chamber of Deputies' Defense Committee—who disseminated the information that irked the United States—do not know the problem.

Power

According to an officer, the confusion was created because General Silvio Imbuzeiro analyzed in Congress a Pentagon document in which the United States, as a power, believes its theater of war is the rest of the world. "As a military power, they have their own interest, and we have our own interest," Imbuzeiro said during a closed-door session.

The manual the general took to Congress states that the United States should implement "special operations" all over the world. The general showed a pile of U.S. military notes requesting Brazilian permission for training in the Amazon. Brazil did not grant any of the requests. The Guyanese Government, however, agreed to the request, and this has caused concern among reserve officers and among a majority of congressmen, who fear a foreign invasion of the Amazon.

Gen. Imbuzeiro said he only showed congressmen pictures of a radar installed in Colombia with Pentagon military advice that covers the Amazon region because the matter has been made known to the public.

President Denies Military Coup Rumors

PY1908001393 Brasilia Voz do Brasil Network in Portuguese 2200 GMT 18 Aug 93

[Passages in quotation marks are recorded]

[Text] President Itamar Franco today attended a ceremony introducing the Navy, Army, and Air Force generals who were promoted on 31 July. In his speech, the president said democracy's strength rests in strict compliance with the law, which is freely established by the people's representatives in Congress:

"Compliance with the law in a democratic state, in which all men have the same political weight—which is expressed by their votes—is the only unalterable guarantee for those who govern and those who are governed. The political evolution of nations demands alternating people and parties in power through free, regularly held elections. When this process of improvement of political institutions and social leaders is discontinued, it is difficult to retake the proper course."

The president added that Brazil is a powerful, rich country and that Brazilian people demand respect:

"Respect for the life of their children, who die not only of endemic diseases in rural areas, but also in the streets of big cities, and who are instigated to violence by a culture of brutality that we have imported from other nations, and which we emphasize in our mass media; respect for their work, which must be fairly compensated; respect for their values and beliefs, which are being destroyed by the promoters of squandering and licentiousness."

The president once again denied the rumors of a military coup or retrogression in the Brazilian democratic process:

"Perverted rumors, which originate with obscure sources, referring to a coup against democracy in our country can only benefit the promoters of chaos, who hope to profit by its nefarious consequences. I will not permit those rumors to harm the people's efforts to reorganize the state and society."

The president emphasized that the balanced, serene behavior of the Armed Forces has guaranteed tranquillity for the government, which can continue to work for justice, peace, and the fatherland's greatness.

Deal To Produce Russian MAI-890 Aircraft Prepared

PY1708222293 Rio de Janeiro O GLOBO in Portuguese 14 Aug 93 p 28

[All names as published]

[Text] Next week, Sinos Corporacao Aeronautica, an aircraft maintenance business, will sign an agreement with a Russian enterprise for the transfer of technology for the building of MAI-890 aircraft. The agreement, which will be signed with the Russian group Aviatika, which builds aircraft, has the support of the Espirito Santo State Government and is the first of its kind signed with the new Republic of Russia.

Aviatika Chairman Igor Piankov arrived in Brazil yesterday on the first flight by Aeroflot, the Russian airline that yesterday inaugurated the Rio de Janeiro-Moscow route. Piankov arrived accompanied by Alexandr Kuztmitzky, Russian Science and Technology Vice Minister; Vladimir Petrichenko, director of the Science Ministry Technical Policy Department; and Yuriy Kolesnikov, deputy chief of the Military Industry Conversion Department.

According to Sinos President Francisco Dambros, the MAI-890 is a light aircraft designed for agriculture, training, patrolling, and recreational purposes. Sinos already is the exclusive distributor of Aviatika's aircraft in South America. According to the agreement that will be signed, Aviatika will produce the aircraft but they will be assembled in Linhares, Espirito Santo, to supply them not only to Latin America but also to the rest of the American continent and South Africa. According to Dambros, the production, which is scheduled to start in January 1994, will be 320 units per year. This quantity will increase to 720 units in three years. The total value of this project amounts to $7.6 million, of which $3.09 million will be invested by Sinos. The rest of the amount must be financed by the Espirito Santo State. Dambros believes the enterprise's billing will grow from the current $3.6 million per year to $42 million in the third year of production.

Congress Approves Wage Inflation Adjustment

PY1908013693 Rio de Janeiro Rede Globo Television in Portuguese 2300 GMT 18 Aug 93

[Relay by Delis Ortiz from Congress]

[Text] Many meetings took place here in Congress today. Six ministers personally came to negotiate and the government's maneuver proved positive. The Chamber of Deputies approved Senator Beni Veras' conversion draft bill. The government only needed 234 votes, but it obtained 318 against 144, a result that upset those standing in the galleries. The labor union leaders booed the decision for more than 15 minutes and then proceeded to insult the legislators by throwing money and other objects at them. The labor unions were expelled from Congress, and after a lot of protesting the senators were able to vote, thus confirming the first vote approving a monthly 10-percent wage inflation adjustment trigger.

Right now deputies and senators are voting on an amendment for a yearly 21.5-percent real increase in the minimum salary.

During this same session they will vote on another amendment for a similar 10-percent inflation adjustment trigger for prices and tariffs.

[Begin relay from the Finance Ministry] [unidentified reporter] The Finance Ministry considers the approval of the salary policy a goal scored during the first half that will give it leeway to play the second half more comfortably.

Minister Henrique Cardoso now is going to tell us what to expect during the second half. Minister, is inflation going to drop?

[Cardoso] Yes, inflation is going to drop because everybody now is aware that we must curb inflation. The adjustment approved today that will improve the situation of salary earners is not enough. We must curb inflation so the real salary will increase. We have a package of measures that is being implemented and we will implement others that will bring stability to Brazil's currency and will contribute to a steady economic growth.

[Reporter] Thank you very much Minister Fernando Henrique. [end relay]

* Export Figures Through May Published

93SM0347D Sao Paulo GAZETA MERCANTIL in Portuguese 9 Jul 93 p 3

[Article by Maria Clara R.M. do Prado: "Surplus Rises to $1.45 Billion in May With Reduced Imports"]

[Text] Brasilia—Brazil's trade balance totaled $1.45 billion in May, bringing the surplus for the first five months of this year to $6.552 billion, or 12.69 percent more than for the corresponding period in 1992. Exports in May totaled $3.037 billion, and imports totaled $1.587 billion. But the minister of industry, commerce, and tourism, Jose Eduardo Andrade Vieira, notes that the value of imports may be revised.

The two-week strike by employees of the Federal Revenue Office disrupted not only the movement of imports but also statistics. Yesterday it was announced that the import data for April had been corrected by the Federal

Revenue Office: instead of the $2.438 billion reported at the time, spending on imported goods had actually totaled $2.169 billion. That caused the surplus for April to jump from $589 million to $858 million, but April was still the slowest month since January 1992.

In recent months, import permits have been averaging $2.3 billion per month, according to what this newspaper was told by Mauricio de Assis, assistant secretary of the Foreign Trade Secretariat (Secex), compared to the average level of about $1.8 billion last year.

The volume of permits issued—importers need the document in question to complete their foreign exchange transaction—has its effect about three months later, when the foreign goods actually enter the country. Petroleum imports in May involved an amount of $216 million.

Exports: Principal Products (in dollars FOB)

	January-May			May		
Description	1993	Percent	Change from 1992	1993	Percent	Change from 1992
Grand total	15,514,209,318	100.00	14.59	3,037,399,754	100.00	3.33
Total products listed below	8,400,106,729	54.14	13.87	1,651,626,770	54.38	1.16
Iron ore and concentrates	884,730,275	5.70	6.37	148,120,139	4.88	-19.02
Footwear, parts and components	782,162,330	5.04	81.82	121,846,013	4.01	111.67
Soybean meal	661,267,160	4.26	30.62	178,898,356	5.89	27.71
Flat rolled products of iron or steel, not alloyed	616,881,336	3.98	14.12	133,066,682	4.38	-14.42
Unwrought aluminum	458,753,715	2.96	10.73	88,470,772	2.91	12.96
Soybeans, including ground	457,274,251	2.95	65.92	182,667,395	6.01	40.88
Semimanufactures of iron or steel, not alloyed	428,730,996	2.76	7.11	69,029,444	2.27	-21.16
Parts for automotive vehicles and tractors	362,055,609	2.33	32.24	69,670,244	2.29	7.22
Chemical soda and sulfate wood pulp	320,704,986	2.07	20.62	53,671,701	1.77	7.81
Coffee beans	317,229,479	2.04	-39.32	49,692,463	1.64	-36.37
Piston engines, including parts	307,791,384	1.98	3.32	59,599,867	1.96	-3.80
Automotive passenger vehicles, including completely knocked down	277,387,103	1.79	-2.19	38,722,774	1.27	-46.78
Leaf tobacco and waste	270,818,887	1.75	273.66	64,990,979	2.14	47.66
Poultry meat, fresh frozen/refrigerated, including offal	248,384,714	1.60	44.25	33,326,059	1.10	-8.54
Wire rod and bars of iron and steel, not alloyed	238,942,471	1.54	12.28	56,110,456	1.85	57.84
Orange juice concentrate, frozen	236,651,169	1.53	-53.81	54,746,185	1.80	-34.00
Pumps and compressors and parts	201,632,651	1.30	13.41	34,850,922	1.15	-17.61
Motor vehicles for the transport of goods	201,073,057	1.30	-21.33	34,765,459	1.14	-21.33
Hides and skins, except raw	182,134,222	1.17	22.88	27,626,285	0.91	-2.64
Transmitting and receiving apparatus and components	180,720,767	1.16	13.54	37,548,246	1.24	11.38
Tires	172,738,677	1.11	21.89	32,971,987	1.09	21.27
Ferroalloys	168,698,294	1.09	-1.61	20,109,923	0.66	-25.84
Buses with a capacity of over 20 passengers	158,231,023	1.02	113.04	18,628,646	0.61	-12.35
Prepared beef	134,091,468	0.86	36.09	25,540,782	0.84	21.78
Gasoline	131,020,705	0.84	-4.58	17,044,990	0.56	-42.31
Other	7,114,102,588	45.86	15.46	1,385,772,984	45.62	6.05

Source: Ministry of Industry and Commerce

Exports: Principal Destination Countries (in dollars FOB)

January-May	May					
Description	**1993**	**Percent**	**Change from 1992**	**1993**	**Percent**	**Change from 1992**
Grand total	15,514,209,318	100.00	14.59	3,037,399,754	100.00	3.33
United States	3,021,781,441	19.48	10.17	629,216,430	20.72	14.66
Argentina	1,293,228,383	8.34	23.35	240,754,756	7.93	-3.86
Japan	1,033,598,847	6.66	21.75	177,948,280	5.86	-12.37
Netherlands	985,619,766	6.35	2.01	244,004,100	8.03	25.10
Germany	745,035,530	4.80	-0.25	125,019,524	4.12	-13.32
Italy	551,974,041	3.56	-10.94	109,246,068	3.68	-22.13
Chile	508,662,968	3.28	50.50	132,628,806	4.37	107.08
United Kingdom	478,069,539	3.08	8.12	72,503,224	2.39	-12.55
Belgium-Luxembourg	459,999,768	2.97	-11.59	60,558,255	1.99	-39.61
Mexico	455,582,227	2.94	18.18	83,303,800	2.74	0.35
China	429,252,990	2.77	246.75	75,924,500	2.50	222.86
Paraguay	421,852,628	2.72	115.58	79,133,355	2.61	234.09
France	318,770,776	2.05	-3.80	55,201,254	1.82	-32.04
Spain	295,252,803	1.90	26.56	54,116,540	1.78	-4.13
Uruguay	279,864,518	1.80	108.60	46,627,165	1.54	110.24
Taiwan (Formosa)	234,140,925	1.51	26.66	54,670,341	1.80	67.64
Republic of Korea	205,812,882	1.33	-18.76	36,871,654	1.21	-33.90
Venezuela	188,385,602	1.21	10.46	38,907,296	1.28	44.36
Canada	180,961,516	1.17	17.79	30,176,984	0.99	1.04
Saudi Arabia	175,953,078	1.13	-19.12	24,988,243	0.62	-56.04
Colombia	167,218,433	1.08	62.52	26,219,776	0.86	36.95
Bolivia	149,768,028	0.97	22.55	14,344,144	0.47	-50.61
Hong Kong	145,753,491	0.94	8.71	23,702,264	0.78	14.71
Singapore	114,980,698	0.74	51.21	20,627,049	0.68	0.20
Portugal	110,624,950	0.71	16.83	15,020,869	0.49	-30.41
Peru	98,762,736	0.64	35.01	17,314,802	0.57	24.14
Thailand	93,167,614	0.60	24.65	17,281,849	0.57	-53.05
Turkey	84,063,795	0.54	1.04	26,919,471	0.69	48.07
Australia	83,866,711	0.54	18.45	15,100,189	0.50	-27.14
Malaysia	81,706,855	0.53	21.07	16,896,605	0.53	12.86
Other countries	2,120,504,495	13.67	8.63	472,687,237	15.57	-6.02

Source: Ministry of Industry and Commerce

On Tuesday of this week, the minister met in Brasilia with representatives of the principal Brazilian exporting firms whose products have already made their mark in international trade. "We need to add value to Brazilian products abroad," the minister said, citing as an example the Brazilian orange juice that is exported in drums and sold in the United States as if it were American juice made from Florida oranges.

"Japan, for example, buys 700 million metric tons of raw materials for $100 million and sells 7 million metric tons for $1 billion, adding extraordinary value when it puts its label on the product," the minister of industry, commerce, and tourism pointed out. He said he was examining alternatives that would allow the government to help businessmen make the source of their products known abroad.

The minister is also enthusiastic about the effect that the recent decision by G-7 (the group of seven major industrialized countries) to reduce import quotas in important sectors (such as steel and paper) may have on sales of

Brazilian products abroad. If implemented, it may increase the presence of EC and U.S. buyers on the list of Brazilian exports. Brazil sold $749 million worth of goods to EC countries in May (24.67 percent of the total), while the countries in ALADI [Latin American Integration Association] absorbed $690 million worth and the United States (including Puerto Rico) accounted for $641 million. After the United States, the biggest purchaser in May was the Netherlands, followed by Argentina, although our neighboring country retained its position as the second-largest purchaser of Brazilian products for the entire period from January through May of this year.

Andrade Vieira feels that Brazilian exports would easily increase if it were not for domestic taxes (such as those for Finsocial [Social Investment Fund] and Cofins [Social Security Contributions]), which he says "place a burden on Brazilian industry and take away the competitiveness of exports." He also points to the ICMS [Goods and Merchandise Movement Tax]—a state tax—as being another factor making export goods more expensive, but he feels that resolution of those issues will have to wait for constitutional revision, when the new federative pact will be debated. Meanwhile, he feels that the role of the Fiscal Policy Council (Confaz) needs to be reevaluated with a view to eliminating the requirement that decisions be unanimous and giving the states and municipalities more freedom to compete with each other in imposing taxes.

Chile

Information Sought on 'Alleged' Assassination Plot

PY1908013393 Santiago Radio Cooperativa Network in Spanish 2300 GMT 18 Aug 93

[Text] The Chilean Government has asked Paraguayan officials for information on press reports about an alleged foiled plan to attack President Aylwin during his recent visit to Asuncion.

According to the press reports, Hector Hugo Vazquez, a retired Chilean captain who allegedly has been living in Paraguay since 1987, reportedly was arrested. Vazquez reportedly was involved in a confusing request to borrow a weapon that belonged to a Chilean military attache and also to borrow communications equipment.

According to the press reports, Vazquez was detained until 16 August, but it was not confirmed if the request to borrow the weapon is related to the alleged attack plan against President Aylwin. Chilean Government sources in Santiago said a request for information on this case was made to Paraguayan officials.

* Controversy Over AIDS Education Viewed

93WE0496Z Santiago EL MERCURIO in Spanish 11 Jul 93 p D6

[Article by Paulo Ramirez C.]

[Text] In the United States, where AIDS is the second leading cause of death (after automobile accidents), until 1991 no television channel had agreed to transmit advertisements that deal with prophylactics. In recent days the fourth television network in that country—Fox Broadcasting—did accept it.

The fact that condoms still do not appear on the TV screen in Chile is therefore not unusual, even though this is the year 1993.

Their first appearance was scheduled for this week, but the Ministry of Health received from La Moneda [Office of the President] a recommendation that it not show an announcement showing how to inspect and put on a condom (on a test tube, of course). "Whether or not to use a condom is a decision to be made by the couple," says a voice offstage, as a woman's hand is placed on a man's hand, which is holding a condom. "Its correct use is one of the most effective ways of preventing AIDS," the voice says in conclusion. Following this governmental intervention, the spot [preceding word in English] is being revised.

This was not the only pro-condom advertisement of the series. Another one—which definitely will not be shown—shows a teenage girl preparing to leave her residence. Her mother finds a condom on the sofa beside the girl. "What is this? What is the meaning of this?" she asked. "Good grief, I am grown up now. I can take care of myself!" the daughter replies. "But don't you and I discuss everything?" the mother asks. "Look," the daughter says; "this is the way we are going to keep from getting AIDS—by using a prophylactic."

There is a third spot, and it is in fact being broadcast. A father and his son are playing chess. "Son, have you had any sexual experiences?" "Check," the son answers. "Did you think twice about it?" "But we used condoms," the son replies. "Shall we talk about it?" the father says.

And there is a fourth spot. On the screen you see pictures of lovers, and you hear the voices of a couple talking. "We have to be safe now." "How?" "By using a condom, for example."

Along with these four pro-condom spots, the series of spots presented for this stage of the campaign (13 in all, to which more will be added shortly) includes only one spot that focuses on the mutual fidelity of a pair of lovers and one that stresses abstinence.

The spot that focuses on fidelity shows a couple leaving a hospital. "We finally have the result of the AIDS test," one of the lovers says. "Yes, at last," the other answers. "It took a while, didn't it?" "Uh huh." "But the wait was worth it." "And now that we know we are not infected, we have to continue being careful, right?" "Absolutely." "So be careful, huh?" "You too, right?"

The spot that stresses abstinence shows two lovers strolling through a park. "Say, have you thought of making love?" "Yes, but you know...." "Yes, I understand what we have decided. What are you thinking of?" "Of our first night together, when we are married." "I hope that day comes soon." At the end, a voice offstage repeats that not having sexual relations is a decision for the couple to make—the same thing that is said in the condom and mutual fidelity spots.

According to studies carried out during the past five years, sexual behavior that can play a role in spreading AIDS have produced the following situation:

a. Three-fourths of all men—and four out of every 10 women—between 18 and 55 years of age have had sexual relations with more than one person (TIME [expansion unknown] study, January-March 1993).

b. By 24 years of age, 35 percent of women and 65 percent of men have had sexual relations, with the first experience occurring—on the average—at the age of 17. (Footnote 1) ("Survey on Reproductive Health," Santiago, 1988. Department of Public Health, University of Chile.)

c. Of all these young people, fewer than 15 percent used prophylactics during their first experience. Moreover, almost 80 percent of the women—and 50 percent of the men—said they do not take any preventive measures against AIDS.

That is to say, in practicing each of the three types of behavior that the AIDS campaign has identified as providing protection against the disease, Chile's performance has created conditions favorable for the spread of the disease: a lack of fidelity, a low rate of abstinence, and little use of prophylactics.

Encouraging a change in behavior on these three fronts has been the central objective of the Health Ministry's campaign, which will require an investment of $1.1 million by the ministry next year. The underlying principle is that the state should not place emphasis on any of these alternatives to the detriment of the others; in other words, it should remain neutral and assign equal value to each of the three alternatives.

Moreover, this second campaign is based on the success of the first campaign, to which 92 percent of the population had access—with 77 percent manifesting a positive attitude—according to a study carried out by TIME for Conasida [expansion not given]. And Joel Munoz, the creative director of the campaign (for the Creative Change agency), insists that "during this period a change in behavior was achieved in 30 percent of the population."

From the outset of the campaign, the pretended neutrality on the part of the government has been attacked by the Church.

The Permanent Committee of the Episcopate rejected the reference to the use of prophylactics, because "it leaves the impression of a moral neutrality vis-a-vis infidelity and promiscuity and at the same time opens the door to sexual licentiousness."

The archbishop of Santiago, Monsignor Carlos Oviedo, last Friday delivered a pastoral letter, "From Fear to Hope: The Church Meets the Challenge of AIDS," in which he maintains that the promotion of prophylactics "is immoral because of its emphasis on sexuality, the false sense of security it supposedly gives the public, and the commercial interests that lurk behind it."

He also warns that the proposal to "eroticize the condom"—to generalize its acceptance—is "an overtly immoral proposition that deliberately encourages infidelity, promiscuity, and sexual licentiousness." He further states that the proposal also "increases the possibilities for spreading the disease—the very thing it is supposedly trying to prevent—inasmuch as it is not difficult to understand that the spread of an epidemic is directly related to the specific means of transmission of the disease and to the frequency of exposure to the risk—to sexual contact, in this instance."

In Chile, virtually all the cases reported have an origin—almost always direct but occasionally indirect—that is sexual in nature. The archbishop maintains that by relying on the concepts of "safe sex," you are merely broadening the base for the potential occurrence of the disease. If AIDS is transmitted sexually, it then follows that the more sexual contacts there are, the more likely it is that transmission will occur. In the subconscious message of "do it when you want to, with whom you want to, and where you want to, but do it with a condom," these tendencies are probably being encouraged and along with them the incidence of AIDS. Rather than the network of life, what is being expanded is probably the network of death.

This is especially true if you take into account the doubts that many scientists have concerning the condom's effectiveness. In January 1992 the School of Medicine of the Catholic University—using figures supplied by the World Health Organization—argued that the condom decreases the probability of contracting AIDS by only 60 percent, even though the WHO itself has elevated the condom to the category of an essential medication.

Dr. Michele Bachelet of Conasida, however, insists that the condom has proved to be completely effective in preventing infection in couples when only one of the pair is infected. As for the Church's fears, she adds: "The campaign has been effective in promoting the concept that a stable relationship is more valuable than the use of a prophylactic."

This debate between the state and the Church over AIDS, values, and condoms has characterized the fight against the disease throughout the world.

It took place in Argentina, for example, following the announcement of the distribution of 1 million condoms. It also took place in Colombia, where authorization was granted for the transmission of a spot [preceding word in

English] that showed a man who was naked but holding a condom and who was saying that the condom is the only article of clothing that cannot be dispensed with. Spain spent more than $9 million in 1991 to promote the use of condoms. The fight with the Church has been a bloody one. In Italy, the Church hierarchy charged that the official campaign encouraged deviant conduct.

The reactions of the Chilean Catholic Church to the campaign were followed by a counter-reaction on the part of political youth groups and alliances of nongovernmental organizations that rejected the imposition of Catholic values on non-Catholics.

The predominant view in the world of Concertation is that the state has no business intervening in the private behavior of individuals (hence its "neutrality" in the matter of AIDS). Moreover, according to Francisco Estevez, director of the Youth Institute, the campaign should originate with the rank and file and be based on a "recognition of diverse cultural identities," because of the fact that politics "is going to be increasingly dominated by cultural tensions."

The problem of AIDS is one of those tensions. Divorce is another, along with abortion and homosexuality.

The role of the state in the area of ethics, however, is an even more profound question. According to the sociologist Jose Joaquin Brunner, president of the National Television Council, in this area we are confronted with a tension that is characteristic of the modern world, which requires that "a variety of values be combined with the social discipline that is essential for progress." Within the common body of values that make this discipline possible, the values advocated by the Catholic Church will underlie the national consensus, but that institution "cannot act as if it still had a monopoly on morality."

According to Pedro Morande, assistant rector of the Catholic University, the problem is that there has been confusion regarding the limits of pluralism. "Opinions—an area in which there is complete freedom—are one thing, but moral values are quite another. They are not subject to public opinion, because they are concrete values; that is to say, they are objective facts that transcend public opinion." The word "moral," Morande explains, comes from "morar," meaning "to live in the house," which entails rules for living together with one's contemporaries and, at the same time, the necessity of caring for the house in behalf of those who will arrive in the future. "That is why a supposed moral pluralism would mean that each person has a right to destroy the house," he said.

This concept imparts—through the medium of the Church's reasoning—a new meaning to the role of the state: namely, the state has the duty to take care of the house in which society lives. This care would be based on the values which—by virtue of our Western and Latin American tradition—have much in common with those of the Catholic Church.

This result could be achieved by not expanding the network of death—which the pro-condom campaign appears to be encouraging—and could also make it possible to overcome other social ills that are of concern to the Church, such as abortion, divorce, and teenage pregnancy, among others.

Table 1. AIDS in Chile (as of 6 July 1993)

Patients	Carriers
752	1,199

Table 2. Best Way To Prevent AIDS (men and women from 18 to 55 years of age; all figures are percentages)

Method	1991	1993
Having a Stable Relationship	41	77
Using a Condom	33	60

Table 3. Age Groups Most Affected

Patients	Carriers
30-39 years	20-29years

Table 4. Means of Transmission (as a percentage of the total)

Sexual preference	Patients	Carriers
Homosexual	46	46
Bisexual	20	18
Heterosexual	20	24

Table 5. Sex Life of Chileans (men and women from 18 to 55 years of age; all figures are percentages)

Sexual practice	Men	Women
Have had only one partner	8	30
Have had more than one partner	71	44

Colombia

Foreign Minister Protests U.S. Travel Advisory

PA1908014393 Madrid EFE in Spanish 0020 GMT 19 Aug 93

[Text] Santa Fe de Bogota, 18 Aug (EFE)—Colombian Foreign Relations Minister Noemi Sanin said today, Wednesday, that the U.S. State Department "does not know about Colombia's security policy." Sanin said this after learning of a State Department document that advises U.S. citizens to "refrain from visiting Colombia because of the dangerous situation." The Colombian foreign minister said that Colombia "has lodged a permanent protest because the U.S. State Department has marked Colombia with a black or red star as a dangerous country for tourism or business."

Colombia learned about the State Department advisory following the refusal of two scientists to come to Colombia. They were to have participated in a medical congress in the University of Quindio, central Colombia. The congress was canceled because they did not come.

This same document asks U.S. citizens to abstain from visiting this Andean country because, it is argued, "violence continues to siginificantly affect a large part of the country." Violence "has increased considerably" in cities like Santa Fe de Bogota and Medellin, the document adds. In addition to Colombia, the same document asks U.S. citizens to avoid travelling to countries considered highly dangerous like Azerbaijan, the Congo, Guatemala, Nigeria, Peru, and Somalia.

The head of Colombian diplomacy added that her country "has risk levels, as the statistics indicate, the same as other countries. We welcome those who wish to come."

Gaviria Discusses Political, Economic Policy

PA1808155193 Santa Fe de Bogota EL TIEMPO in Spanish 8 Aug 93 pp 1B-3B

[Interview with Colombian President Cesar Gaviria by unidentified reporters in Santa Fe de Bogota; date not given]

[Text] [EL TIEMPO] If you could go back two years to the time of the Constituent Assembly, what would you omit from the Constitution?

[Gaviria] The main problem that I see with the Constitution is that transitional mechanisms were not defined. Every conflict within the past two years—the fighting among institutions, as well as the difficulty in determining whether some official has circumvented the Constitution or has simply acted in keeping with the transitional phase—these are the results of the Constituent Assembly's last-minute rush to define some of the transitional mechanisms.

The possibility should have been included for the president of the Republic to forcibly request a legal opinion before the Constitutional Court, and to do so once in each case—in the case of the overseer and in the case of legal assistance. In turn, the court would have had the power to respond in each case.

The current Constitution is more dogmatic. It contains more principles that the previous one. Therefore, at the time of its interpretation there are innumerable principles that must be taken into account. Rights are recognized. The problems that have arisen with the petition for protection have been engendered by this, as well as by the fact that it has not been clarified how judges should act when they face two or three rights that conflict with one another. In this matter the Constitution also has its shortcomings. Nevertheless, there is still time to correct this. We have presented to Congress a draft bill to define some transitional mechanisms; otherwise, additional problems will crop up.

[EL TIEMPO] Is not the Congress extremely slow in enacting laws under the Constitution?

[Gaviria] When looking at the past 40 years, no one can find a legislature that has enacted more significant laws than this Congress. One problem is that the task is enormous. For example, many of the legal assistance cases cannot be resolved until a law is enacted for each right. There are rights that are crucial. How can one deal with the right of honor, and how far does the right to information go? This has to be defined within a statutory law. I do not believe, as the judges do, that this can be resolved by defining some procedures for legal assistance.

[EL TIEMPO] What about the conflict of the overseer, the attorney general, the comptroller general, and the High Council of the judiciary?

[Gaviria] I believe the position of overseer is necessary. This is why it was created by the Constituent Assembly. It was convenient to have it as a transitional post. Moreover, in the future we can consider having overseers with different duties. Where did we fail in the Constituent Assembly? We failed in not clearly defining its duties—in not clearly knowing what it was intended for. From there, all of this has emerged. Now, what is going to happen with the overseer? This question should be posed to the courts, and the president must read out the legal rulings and obey them.

[EL TIEMPO] The war bonds, the modification of legal assistance, and lately, among other things, the decree against the release of drug traffickers and terrorists have all been declared unconstitutional. Is this the result of excessive improvisation by your legal advisers, or perhaps the result of legal mumbo-jumbo in the higher courts?

[Gaviria] Let us not confuse things. The bonds issue is an issue of the law. The government acted the way it did because it had no other choice and because there had been precedents in the Supreme Court of Justice. The Constitutional Court changed the case law and we were left without those precedents. There is something very serious in all of this. If this theory is set down, when a government wants to pass a tax law it will have to wait two years to obtain the funds. This is quite complicated. When there is a crisis, its needs to be addressed immediately, not two years later. This is the true consequence of the court's ruling. The question is this: What is going to happen in the future?

As far as the 34 or 35 internal disturbance decrees go, two were declared unconstitutional and only some of the remaining articles. [sentence as published] Now the issue of the Prosecutor General's Office and the issue of how far it can go must be taken up. The government has established a Prosecutor General's Office with all powers possible, with a broad capacity to negotiate sentences and to pardon. Nevertheless, the Constitutional Court considers that this cannot be, that we cannot go this far, and that we have to limit ourselves.

[EL TIEMPO] What about the overturning of the laws against the release of criminals from jails?

[Gaviria] The people believe that we have overcome that problem. The Constitutional Court issued a decision in response to a law whose political legitimacy was based precisely on the fact that it originated in Congress. How far will the releases go and based on what reasons? The Court has decided to discuss this, but several problems still exist. We issued a decree based on a communique without knowing what the Court had decided. That decision might be a prediction of unsolvable or unanticipated situations.

Will the decree we issued resolve the problem or not? Would a law resolve it? Is it possible to obtain that law in Congress? I am not aware of how the court decision deals with the principles of equality and favorableness in criminal affairs. The upheaval decree we issued was feasible but the law was not because, according to what was said, what we did about upheaval cannot be done in permanent legislation.

On examining the new decree from the constitutional standpoint, the Court may or may not consider it appropriate. It could also be that the bill we will be sending to Congress will never leave Congress and even if it does it might not resolve our problems because it might again be overturned by the Court.

We could also encounter problems with the judges. We do not know what their decision will be or if our decree will be enough to deal with that decision and its consequences. We have many questions. Once again we must face the hindrances and difficulties of a year ago.

The surprise factor comes into play at this point. We may have the resolve to deal with all our problems, but a judge can issue instructions to a jail director and we would have a repetition of the Jorge Luis Ochoa case. My duty now is to attempt, at all costs, to prevent the release of a large group of criminals as a result of abusive interpretations of the decree or the court decision.

The Court can weigh the principles of favorableness or equality that create unsolvable situations if, from the legal standpoint, they prevent us from stopping the release of a large group of criminals or the most dangerous criminals. It would be deplorable.

[EL TIEMPO] Would you be willing to even disregard a court decision?

[Gaviria] I do not want to predict such a theory. I believe the risks are still great despite the upheaval decree. In Cucuta alone, at the Cucuta jail for example, there are over 400 guerrillas who could have recourse to the release rules, not to speak of other jails or specific criminals.

[EL TIEMPO] In your inaugural address you were particularly emphatic about making no concessions to narcoterrorism. The strategy of submission to justice, Ochoa's eight-year sentence, Urdinola's four-year sentence, and the decree the Court had to declare unconstitutional because it fully pardoned criminals, are they not in themselves a huge concession?

[Gaviria] All of the sentence reduction rules were anticipated in previous legislation, in the code, and in the upheaval decrees. We went no further than we possibly could.

The sentences imposed were already planned. We have only now begun to change them. Unfortunately, crimes like drug trafficking were not punished with 30 years but 12 and these sentences were reduced; thus, we are where we are now. These are not problems of the submission policy but of Colombian legislation.

The reduction of sentences through full negotiations involve the attributes given the prosecutor. It is my understanding that a prosecutor can pardon a criminal. I believe this was and still is the way to reach the leaders of criminal organizations. There is no other way. This is how we managed to dismantle the Medellin cartel, although Escobar is still at large. We were able to do this because the Prosecutor's Office used those powers. Those are the laws that are being discussed and must be decided by the court.

Certain types of constitutional principles must be interpreted in the light of the dangers of Colombian society. A man accused of theft cannot be compared to a man who has placed bombs and has killed people by engaging in terrorist activities. In a case like this it is not possible to claim the principle of equality. What equality?

[EL TIEMPO] The Army and Armed Forces in general have reported significant successes against the guerrillas. Nevertheless, subversion is expanding and confronting the cogovernment by exerting pressure on municipal and departmental authorities. Is your administration prepared for this struggle?

[Gaviria] There have been fewer kidnappings, thanks to the Antikidnapping Law, and a considerable decrease in guerrilla attacks. Meanwhile, arrests, guerrilla deaths, and surrenders have doubled. Public order has improved considerably throughout the country, but we cannot proclaim victory. We cannot say that the guerrillas have been defeated. We are not on the defensive but on the offensive. However, we must persist at many things: we must strengthen the public force; cooperate with the media to politically isolate the guerrillas; seek citizens' cooperation; and strengthen justice. People should not be arrested and then released. We have eradicated impunity. If we have accomplished this, it matters little what the guerrilla groups attempt. They are going to feel so persecuted that they are going to agree to a political solution. It is not that a purely military solution will not yield results; the problem is that it might take a lot of time and effort.

I hope we accomplish political solutions, although I do not believe that political solutions alone will resolve this problem. There will be guerrilla redoubts and they will become simple bandits, drug traffickers and terrorists. Society has been generous enough, and if we do not achieve peace it is because the guerrillas have refused it.

[EL TIEMPO] A new electoral process will soon take place and entire towns will be threatened with intimidation. Are military intelligence, the Administrative Department of Security intelligence, and the police prepared to respond?

[Gaviria] Military intelligence has made considerable progress. Brigade commanders now have 10 times the resources they had before to purchase information and hire qualified personnel. However, the guerrilla problem exists because there are 500 or 600 urban centers with no police, where any guerrilla group can intimidate the people. This means that this government's effort to bolster the public force is not over. We must increase the police force, create many more brigades and increase their resources. And I am only referring to the security of the state and institutions, not the security of cities that are the same or worse.

[EL TIEMPO] From the common man's perspective, Bogota's basic problem is lack of security. Do you believe that it is enough to deal with the problem locally?

[Gaviria] At the rate things are going, one of the country's main concerns is going to be problems in the capital: public services, transportation, and others. Nevertheless, the country's growth is concentrated in Bogota, which is still the city with the lowest unemployment rate and the highest growth rate, although it is accumulating a large number of problems. A law and a set of useful rules were recently passed for Bogota to increase the people's fiscal capabilities and allow the mayor to make decisions.

The city must be prepared to manage a larger amount of resources; nevertheless, the government must and can do more. Within approximately two weeks I will make some announcements. From now on we must work more on security issues and, obviously, we must start with Bogota.

Our problems involve solidarity and a lack of civic pride. Despite this city's economic capabilities, it does not contribute to solidarity projects.

[EL TIEMPO] The Liberal Party is undergoing a profound crisis. As the natural liberal leader, what is your opinion of the crisis, and how can you help resolve it?

[Gaviria] I do not believe the Liberal Party is undergoing a profound crisis. Political parties are traditionally a little disorganized. The Colombian people are afraid to make the legal and constitutional decisions to have well-financed and organized political parties. We have never done that.

I believe the Liberal Party has a problem with presidential hopefuls. I hope the problem will be resolved through the popular consultation mechanism. I am very confident that in the first round the liberals will find a mechanism that will foster unity; I hope the same will be true for the conservatives. I believe that organized political parties with one candidate would be advantageous for Colombian democracy. I believe that internal divisions often become rather personal and make people lose control because they fail to present clear options.

[EL TIEMPO] The latest polls show a very worrisome fact: 13 percent of the people believe in the political parties, but the rest to some extent reject the political class and political parties. What do you think of this phenomenon?

[Gaviria] It is a problem of the times, a phenomenon that comes from way back and which has gradually intensified. I do not believe it can be resolved without political parties that are more organized and disciplined. Unfortunately, the movements that were the majority in the Constituent Assembly established constitutional limitations that have prevented the parties from having that discipline and from being legally organized.

I believe the changes the Colombian Congress made in the 1991 constitution were a step in the right direction. Congress is functioning much better, the people are working much harder, and legislative tasks are being undertaken much more seriously. But the only thing we are paying attention to is the mistakes of certain congressmen. This is bad because to the extent that Congress loses ground in the public's opinion, so do the political parties.

I would call for greater balance between what Congress does collectively as an institution and the mistakes made by congressmen.

[EL TIEMPO] Your government has been the target of a great deal of criticism. Your critics say you were too eager to please politicians and gave the post of overseer of the national treasury to the National Salvation Movement, a newscast to M-19 [19 April Movement], and posts to some congressmen to push through the tax reform. Aren't these actions at odds with what your policy of renewing political practices is supposed to proclaim?

[Gaviria] One of those criticisms has no foundation—it's like disagreeing with the president just because he has been pluralist. You are not very likely to find a political sector in the country—be it for or against the government—that can say the president persecuted it or that I have used the power of my office to remove it from the Colombian scene. I have tried very hard to treat every political sector appropriately. I have worked based on consensus because that is how the constitutional process must be.

The experience of the Constitution of 1886 and the amendment of 1936 took 20 or 30 years to get people used to a change that was good at the time although it was not done with the kind of political consensus we now have on the 1991 Constitution.

I am criticized for the things you have mentioned. They say I am pragmatic or try to adjust to circumstances for one reason: I understand how to use the presidency to achieve reforms and get results. Perhaps things may not turn out well, but I am not just all talk. I said some things and I have to forge ahead, and I have more or less done that.

One has to show results, and to do so it is necessary to get along with the people who make decisions, particularly in the Congress. One has to foster the appropriate climate to make decisions, and it does not bother me that a good climate for work exists in the Congress. Not only among those who support me and are within the government processes but also those who are outside the government and are oppose me.

[EL TIEMPO] Is not this patronage?

[Gaviria] I do not know what you mean by that, since everybody has his own definition. I am not a fundamentalist politician. The people here in this city in particular like those politicians. It does not matter to them that later this is not translated into changes in the state or institutional changes, or that one can get results. I do not share that view. My obligation as president is to get results. Those criticisms are temporary; nobody remembers them later. One is measured by the things one does and not by that sort of criticism that is unimportant and temporary.

[EL TIEMPO] One of the criticisms about your trip to London was that you did not settle with the British Government the agreement on investment guarantees. Have you considered reviewing the Constitution to change what it says about expropriation?

[Gaviria] The problem was not caused by expropriation through administrative means but by an article carried over from the 1936 Constitution on the matter of expropriations without compensation, a provision Colombians have never used. It is a kind of ideological concept that we do not know what good it does, and I think it's starting to hurt us.

I would like to find a solution that does not entail a constitutional amendment. I am beginning to realize it is a constitutional provision without any regulation that nobody knows what good it serves and has never been used. It has no reason for being, and we may find it rather hurts us.

In Colombia we have a long tradition of respect for private property and foreign investment. I think that counts for more than any agreement we may sign. Those agreements are useful, but foreign investment does not depend on them.

[EL TIEMPO] Do you think it will be signed?

[Gaviria] We are seeking solutions, and with time they as well as we can seek them. We discovered the problem rather late, something that did not allow the British or us to explore more solutions.

[EL TIEMPO] It is clear corruption is an electoral issue more ardently espoused by Andres Pastrana. We have not been able to catch the fat cats in this country. Aren't you frustrated that you have not been able to catch at least one fat cat?

[Gaviria] We have made major strides in the war on corruption. The climate of control is much greater now that before. We have justice that works, and there is credibility in the entire judicial syste. There are many fat cats in jail.

The one thing we must understand is only justice can catch the fat cats. The only person who can sentence someone is a judge, not the media, not the congressmen, not a minister. Only justice can catch the fat cats. Our justice has been greatly improved, and we must trust that the issue of corruption will yield the same kind of results obtained against drug trafficking and guerrilla organizations.

[EL TIEMPO] During your inaugural address, you said that economic liberalization would be gradual and that under no circumstances would shock treatment be applied as had been done in other Latin American nations. Subsequently, the process was stepped up and now an about face has been made with some measures to protect the sectors that have been more adversely affected. To what extent are you willing to revise this liberalization policy?

[Gaviria] We must understand that when one is dealing in international trade there are problems that always come up. Whether there is liberalization or not, there are confrontations between the developing and the industrialized nations.

It is not a matter of turning back the policy. The liberalization policy has been implemented, it has resulted in the growth and decline in unemployment. [sentence as published] However, adjustments must be made to protect the textile industry, the agriculture sector; safeguard clauses and price ranges must be adopted; and steps must be taken not to import from certain countries.

[EL TIEMPO] The agricultural associations are very unhappy. They assure that with the liberalization policy and the struggle against inflation—besides the lack of security in the countryside—that this is the sector most sacrificed. What are you planning to do in this last year to solve this sector's crisis?

[Gaviria] First, the security problem has been improving and this is a relief for the agricultural sector. Now, one must understand—and in that there is a difference of opinion among the diverse agricultural associations—which are the agriculture sector's problems.

We do not believe that the main reason for the problems is the import of agricultural products. The decline of prices on the international market has had much greater effect; the coffee crisis makes no sense without the fall of international prices, the same goes for the fall of the price of cotton and of bananas.

In the second place, the reevaluation problem is not in the hands of the government. When an economy such as Colombia's is full of dollars, a reevaluation takes place.

The third problem is the Andean Group imports that are not only the results of the economic liberalization in Colombia but of the liberalization in Venezuela, Ecuador, and Bolivia.

The agriculture sector's full recovery will not be achieved until international prices improve. Certain measures can be taken: we have a refinancing policy, there are price ranges to protect some products, there are safeguard clauses, we have reversed some of the Agricultural-Livestock Marketing Institute's decisions, and we are reinforcing the Agrarian Fund.

I believe that the agricultural sector's performance this year will be acceptable. The Agriculture Ministry's figures indicate that the sector will grow 2.5 percent this year. However, we must be conscious that the liberalization policy is not to blame for all those problems.

In the midst of an adverse international situation, we had to be adversely affected somehow. The problems have more to do with the international recession than with the liberalization policy. This time it was those sectors' turn, next time it will be the others' turn. However, not because of this do I believe we should make an about face; we must make use of some mechanism. The agriculture sector will recover when the world's economy resolves the current crisis it is experiencing.

[EL TIEMPO] It does not seem reasonable that Europe, the United States, and Japan maintain their high subsidies for agriculture sector while in developing nations such as Colombia, these are eliminated.

[Gaviria] Colombia does not have very high subsidies. Those that were granted have represented the Agricultural-Livestock Marketing Institute's bankruptcy. I do not think that this is an important mechanism. I understand that they want to have more subsidies. Nevertheless, with all the existing problems I believe it is difficult to earmark a large amount of resources to subsidize certain sectors. In developed nations subsidies exist because their agriculture sector has little weight in their overall economy. However, in our economy it represents 25 percent of the GDP, so it is difficult to subsidize. Besides, I am a firm believer that the Colombian agriculture sector is efficient.

[EL TIEMPO] The budget draft bill included among its projections a 16 percent devaluation rate for next year. This projection has been very well received by some sectors. Can a firm commitment be made to a devaluation rate at that level?

[Gaviria] I cannot make a commitment because the Bank of the Republic's board of directors defines the exchange rate, the government does not. We try to establish a policy of consensus with the Bank and up until now we have done so; however, we cannot assume this commitment.

Nor do we know what the economic circumstances further down the road will be. What is more important is that the gradual devaluation system removes the Colombians' concern about something that is inescapable: the exchange rate is fixed by the market. We have seen this recently with the European currencies' problems.

The Bank of the Republic has a marginal influence on the exchange rate but it cannot fix it arbitrarily to please a sector. It is not easy to move the exchange rate. I am in favor of protecting the exporters and we have a 100 percent rate, which is within Colombia's tradition. We went too far in the 1990 and 1991 devaluation; we thought that the liberalization policy would generate a currency stampede. Exactly the contrary occurred, more resources than we expected came into the country.

[EL TIEMPO] Are you not worried by the fact that the revaluation will discourage exports in the future? From a 17-percent growth three years ago we have passed to 7 and 5 percent.

[Gaviria] That is why we have urged good management of [the oil fields in] Cusiana, fiscal discipline, and saving resources. I believe that we have managed it better than in other Latin American countries. We are used to influencing the exchange rates because the Bank of the Republic has a tradition in that sense. In other countries, they have just allowed the market fix the exchange rate. We have been able to protect the export sector better; the phenomenon of the revaluation in Mexico and Argentina has been larger than in Colombia.

[EL TIEMPO] There are some who say that inflation has been forced down thanks to the revaluation and commercial opening. What do you think of this

[Gaviria] People think we implemented revaluation in order to bring down inflation, or that we used the agriculture sector to attain that goal, but this is not so. Produce prices have shown good results this year and agriculture itself has not done too badly when it has helped the economy as much as it has. It would be unfair, then, to burden one sector alone with the task of lowering the cost of living.

Inflation is on the downfall thanks to the economic policy as a whole and because the fiscal deficit is low, the Bank of the Republic has its autonomy, and we opened up our economy. All of this has brought prices down in several areas of the economy, particularly in industry.

[EL TIEMPO] Would it be congruent to present a budget package with a 27-percent increase in spending, when the inflation rate for 1994 has been forecast at 19 percent?

[Gaviria] Inflation is one thing and the way government income increases is another. Income in Colombia has been growing steadily since 1986—way above the inflation rate—and economic growth and public funds will increase by over 27 percent next year. What we have done is try to reduce the fiscal deficit. Nevertheless, public income is doing well. This is why we have been able to increase justice spending by 100 percent and defense by 60 percent, while increasing social investment even more.

We are committed to reaching a specific fiscal deficit level. The Bank of the Republic stated what was compatible with our economic goals, and that is what we have programed. That 27-percent growth rate is compatible with the 1.5-percent fiscal deficit. I am well aware that the private sector would enjoy better conditions if the deficit were 0 percent instead of 1 percent. To manage that, however, we would have to take the money away from the justice system or the Armed Forces, but that is not the idea.

[EL TIEMPO] Amid all of this there is contraband. Business and industry contend that this is one of most serious problems facing the Colombian economy.

[Gaviria] There was a lot of contraband before the customs law reforms were passed. I do not know if it was greater than now or not, but it was certainly too much. I do believe the reforms will allow us to fight contraband more efficiently in the future. There was no hope of winning before.

The struggle to stop contraband is not easy and it takes time. I am sure the reforms are adequate for fighting contraband. If the solution were to go back to the old system, we could consider it, but they admit the current system is better than the old one.

[EL TIEMPO] What they are saying is that they do not have enough resources to control contraband and that the post control method is not working, as all is left up to good faith.

[Gaviria] The methods are appropriate and yes, we could be making a better effort. The private sector says we can do much more, and that is probably true. It would be worse, however, if they thought the customs reforms were bad. What we have to do is enforce the law more vigorously.

We have a century old heritage of contraband, which cannot be changed easily. The consumers, or citizens, find nothing wrong in it. No one worries about buying a contraband item. It is difficult to face the problem with such a mentality.

[EL TIEMPO] In a poll conducted by EL TIEMPO, 300 industrialists rated you 3.2 on a scale of 5, for your administration of the economy. Do you feel you have been correctly rated?

[Gaviria] I would also like to see an economy with fewer difficulties; however we have quite an adverse environment. We want to blame the revaluation and the liberalization policy for the lack of speedy growth in exports, but, we do not take into account that the international market is depressed. The fact of the matter is that one must give time to see results. Nevertheless, the people know that the liberalization plan was necessary and that it has been convenient.

The Colombian business sector is the one that has the best opportunity to compete internationally, it is the sector most convinced that trade must be broadened, and it is the most flexible in its negotiations with the Andean Group, Mexico, Chile, and the United States. Everyone gets scared when we propose liberation policies and they cannot believe that these have been agreed upon with the private sector. The Colombian business sector has the best opportunity to compete internationally.

[EL TIEMPO] Why has the issue of a strong law against monopoly, with all its consequences, been a taboo?

[Gaviria] There are several issues there. We implemented many aspects in the modernization decrees, in the Superintendency's powers, therefore, I do not know why these have gone unnoticed. If mechanisms were necessary they are there, however, no one has bothered to look at them. I am convinced that the best tool against monopoly is a liberalization policy. There is no better international competition than imports. The only weapon against monopolies is imports, not threats of fines and legal action. The best thing is liberalization.

Can we do more? I agree. Nevertheless, I invite you to take a look at the strongest legal structure aimed at counteracting abuse problems. One cannot change the productive structure of a nation from one day to the other, however, international competition can be allowed to protect consumers.

[EL TIEMPO] Some believe that the liberalization and modernization process has concentrated a great deal of wealth in one sector while it has translated into a step back for the most needy. What is your opinion on this?

[Gaviria] The liberalization process does not produce a concentration of wealth, it reduces the monopolies' power and protects the citizen. You can ask the consumer if the liberalization process has harmed him. No. He has more options, he has a choice, it has contributed to moderate prices; therefore it cannot be said that the liberalization policy produces concentration.

Liberalization does not resolve all the problems, it will not do away with the poor. The poor are there. [Solving this problem] depends a great deal on the nation's growth in the coming years, on the appropriate social policy, and if the State invests where it should.

[EL TIEMPO] Are you satisfied with what you have done on social issues?

[Gaviria] No. There is still a great deal to do. I made the political decision to give top priority to security and to justice. The largest investments were made in those two spheres. This meant less investment in the social sphere. There are some candidates who believe I am mistaken, that a greater effort should have been made in the social sphere and I respect their opinion. However, in my opinion it was more urgent to spend the funds on the strengthening of the justice system and on national security.

[EL TIEMPO] With regard to the social security project, what are the latest opinions of the National Association of Industrialists and the National Federation of Businessmen on this?

[Gaviria] I would like to see some reforms made to the project. With the Labor Ministry, we are assessing possibilities to improve the project. What must be understood is that the project has significant economic implications. The creation of a pension system represents a solution in the long term and a cost for the business sector. The solution to the health problem requires a number of mechanisms aimed at family health protection and greater competition.

[EL TIEMPO] Would it not be better to increase the contributions to the social security system gradually?

[Gaviria] No it would not. If the increases are made gradually the pension system would be weakened, therefore we must consider higher rates. This is not good but we must make the effort now. In the health system, given family health protection, it is difficult to consider a gradual increase in rates. There is no way to offer family health protection gradually.

[EL TIEMPO] What do you like and what do you dislike about having power?

[Gaviria] Personal limitations and annoyances are somewhat bothersome and family life suffers. Although I have a reputation for being cold, collected, and unaffected by problems, a man who always looks the other way, one gets excited and concerned, especially when one is not inclined to blame others. When something goes wrong, I try to discover what I did wrong.

I do not complain too much. My family has been well. I have done well in all my undertakings. The government's problems have nothing to do with Congress or with the opposition or with political parties or the media. The government's problems are due to policy limitations and to ineffective proposals. I have no complaints against past chiefs of state.

[EL TIEMPO] What are you going to do when you retire?

[Gaviria] I am going to play tennis and spend more time with Simon and Maria Paz and meditating. The Liberal Party must continue to renew itself.

[EL TIEMPO] What kind of former president is Cesar Gaviria going to be?

[Gaviria] I cannot imagine myself completely disengaged. Maybe I will help. That is it. I will take a rest, a long one I hope. I have not made many plans for my life. I am not obsessed with political life, although I will not deny that if I am asked someday to be of service I will comply.

[EL TIEMPO] Have former presidents interfered with your work?

[Gaviria] Never. I cannot blame them for anything that could have happened to me. On the contrary, some of my achievements have been due, to a great extent, to their support, which I enjoyed fully.

[EL TIEMPO] What has been your biggest frustration?

[Gaviria] As a person: I have lost sensitivity. I have let this happen. Now, when I read poetry and I do not feel anything—in politics: What happened in 1992, Escobar's escape, the rationing. [sentence as published] I think, however, that citizens were more upset by the rationalizing. The Escobar issue was more critical from a personal point of view only.

National Police Force Reform Begins

PA1908035793 Santa Fe de Bogota EL TIEMPO in Spanish 13 Aug 93 pp 1A, 7B

[Text] Yesterday, the police force began the most in-depth juridical reform since its creation 102 years ago, following approval of a law which creates the post of commissioner for the first time ever and establishes three types of policemen—two civic and one specialized in criminal investigation and assault operations.

The law thus foresees the creation of three police corps: urban, rural, and technical or assault corps. The first will assume city duties and essentially handle community assistance tasks; the second will fulfill an intermediate role in rural areas; and the third will assume criminal investigation duties and act as a specialized assault force.

The reform guidelines are included in Law No. 43 of 1992, which was approved by President Cesar Gaviria during a protocol ceremony yesterday at 1200 in Narino Palace.

The law creates the post of National Police Commissioner or Citizens Inspector, an officer who will assume vigilance over and control of operations, as well as the supervision of investigations of policemen accused of irregular conduct.

The new official will also handle complaints filed against the police by the community, and, regardless of the investigations under way, he will be able to directly adopt legal measures against members of the corps or request the intervention of the Attorney General's Office or the Prosecutor General's Office.

The goal essentially sought by the appointment of a national police commissioner is for the officer to fulfill a supervisory and vigilant role concerning the corps' discipline and operations system to minimize the violations perpetrated by officers, noncommissioned officers, and police agents.

Some of the new police statutes' most important goals include, in principle, a gradual demilitarization of the corps, eventual restoral of its civilian role, and prioritization of crime prevention tasks.

The reform guidelines say the police's new statutes will be protected by the National Police and Citizens Safety Council [Consejo Nacional de Policia y Seguridad Ciudadana], comprised of the president; the defense, government, and justice ministers; the police director; the commissioner; a governor; and a mayor.

The council will not only guarantee compliance with the statutes; it will likewise sponsor an overall policy on community safety, periodically evaluate the quality of the service, and emphasize the corps' civilian role.

Within this process, the law foresees the creation of an entity that will allow the community's active participation in actions aimed at strengthening community-police relations.

From now on, the National Commission for Police and Citizens Participation will strive to create real ties of cooperation between the administrative authorities, the police, and community spokesmen.

The commission will be comprised of the defense minister, the police director, the national police commissioner, the ombudsman, a governor, and a mayor.

There will also be representatives of the universities, economic groups, Indian groups, black communities, women's groups, civic leaders, youth movements, teachers, pensioners, senior citizen spokesmen—even representatives of the handicapped.

Referring to the police structure, the law specifies changes in the organization, selection of future members, and definition of each of the agents' functions according to their specialty.

Therefore, the police will have a directorate, an assistant directorate, and nine assistant directors for its functions: operations, urban police, carabineros or rural police, judicial and investigation, specialized services, community services, administration and finance, education and human resources.

Each of these assistant directorates will control personnel specialized in their specific areas to professionalize and optimize the service according to the country's needs.

Referring to formation issues, the reforms state each agent's training must last 18 months and include lectures on human rights, professional ethics, community relations, and the protection of natural resources.

The law states: The president will settle the police corps members' salary problem six months after the new statute is approved.

The essential goal in this area is a genuine roster system that allows police agents to become noncommissioned officers, noncommissioned officers to become officers, and so on.

Regarding police officers and noncommissioned officers, the president will determine the requirements and classification to opt for higher ranks.

The law also states all police members are duty bound to respond to violent demonstrations which may jeopardize the citizenry. "According to the Political Constitution, National Police personnel in uniform are duty bound to participate in police cases, regardless of their specialty or circumstances in which they are involved."

It also outlines the police commanders' precepts and obligations toward governors and mayors, and it states their pledge to abide by these officials' decisions.

* Military To Intensify Anti-Insurgency Operations

93SM0365A Santa Fe de Bogota EL TIEMPO in Spanish 15 Jul 93 p 3A

[Text] After 72 hours of closed-door deliberations, the 27 division and brigade commanders of the country's military institutions laid the groundwork for a new and more forceful military offensive against the guerrillas over the next 180 days.

At the military summit meeting, which concluded last night, senior officers and the commanders of divisions and brigades resolved to step up military operations to shatter the military structure of the guerrillas, particularly in the oil zones.

The operations will be supervised and coordinated for the first time by units of the Prosecutor General's Office set up especially to serve as legal spearheads in the battle against subversion.

Delegates from the Attorney General's Office [Procuraduria], prosecutors, and agents of the Technical Investigation Corps will discharge the mission of supporting the troops and compiling, on site, the evidence that will lead to the arrest and trial of the guerrilla criminals.

The final session of the gathering of senior military officers was attended yesterday by the commander of the

Military Forces, General Ramon Emilio Gil Bermudez; Army chief Major General Hernan Jose Guzman; Air Force chief Major General Alfonso Abondano Alzamora; Navy chief Vice Admiral Hernando Garcia; the 27 division and brigade commanders; the deputy attorney general, Mauricio Echeverri, and the deputy prosecutor general, Francisco Jose Sintura.

The commander of the Military Forces said after the meeting that the summit of senior officers was a success, especially the reports on the status of law and order throughout the nation.

Spearheads

As for the new strategy for the second half of 1993, Gil said that "we have been pursuing an effective strategy against criminals of every sort."

"This strategy is open to improvement in some fields, and I think that the basic point of the change is to achieve greater integration with other institutions such as the Prosecutor General's Office, the Attorney General's Office, local governments, and the National Police."

The senior officer added that such integration would "enable us to be in an increasingly advantageous position to deal with threats."

"They are going to accompany us to the extent that they can," General Gil said about the other institutions, "and I think that our actions are going to be increasingly integrated, because the task is the same and the actions of some contribute to the success of others."

According to Gil, "This meeting is a landmark after which there will be much greater momentum in military operations."

The commander of the Military Forces asserted that throughout the country the actions of security forces during the first half of the year were not aimed solely at armed confrontation and that, therefore, the bottom line cannot be reduced to the number of guerrilla casualties.

The Army commander said, for his part, that "the intensification of operations as of the meeting that we have had will further facilitate our actions and specifically will prevent the guerrillas from making any attempt to improve their position either in terms of personnel or weaponry."

The officers stated that there has been a significant drop in the indices of violence and crime. "What we are seeking," Gil said, "is to reduce crime, and if we go around the country, we can see that this has been done to a great extent in many areas."

The two generals mentioned the success of Mobile Brigade No. 2 in southern Bolivar, noting that the aim there has been to control a guerrilla force that intended to "take over" the territory.

[Box, p 3A]

Border Control

The antiguerrilla strategy for the second half of the year includes tight control of the country's borders to prevent the trafficking of weapons bound for the insurgents.

The commanders of the Military Forces, Army, and Navy made statements on the issue yesterday and said that the troops are on alert monitoring the entry of weapons and ammunition.

The commander of the Navy, Vice Admiral Hernando Garcia, said that "the Navy has kept up the monitoring by means of its current capabilities. We have spread the units throughout the 1,300 kilometers of Pacific coast from Panama to Ecuador."

He added that a fixed monitoring post has been set up on the Pacific in Jurado, the spot most prone to weapons smuggling.

Garcia said that the number of weapons seizures along borders has increased in recent months.

General Hernan Jose Guzman said that the Army has coordinated necessary actions and operations with Venezuelan authorities in particular, to prevent weapons smuggling.

First Division

Category	FARC [Revolutionary Armed Forces of Colombia]	ELN [Army of National Liberation]	EPL [Popular Liberation Army]	Others	Total
Casualties	65	82	50	24	221
Captured	63	48	44	73	228
Deserters	—	—	—	—	47
Weapons	—	—	—	—	594

Second Division

Category	FARC	ELN	EPL	Others	Total
Casualties	61	85	14	—	150
Captured	86	68	16	63	233
Deserters	39	29	4	7	79
Weapons	—	—	—	—	626

Third Division

Category	FARC	ELN	EPL	Others	Total
Casualties	39	15	10	—	64
Captured	44	3	7	—	54
Deserters	—	—	—	—	—
Weapons	—	—	—	—	127

Fourth Division

Category	FARC	ELN	EPL	Others	Total
Casualties	—	—	—	—	54
Captured	—	—	—	—	100
Deserters	—	—	—	—	18
Weapons	—	—	—	—	171

Mobile Brigades

Category	FARC	ELN	EPL	Others	Total
Casualties	28	29	16	—	73
Captured	19	25	24	—	67
Deserters	8	4	1	—	13
Weapons	—	—	—	—	207

Ecuador

Diplomat on Relations With United States

PA1708160693 Quito Voz de los Andes in Spanish 1200 GMT 16 Aug 93

[Telephone interview with Edgar Teran, Ecuadoran ambassador to the United States, in Washington, by Marco Antonio Bravo from "The Voice of the Andes Newscast" in Quito—live or recorded]

[Text] [Bravo] Good morning, Dr. Teran. How are you?

[Teran] Fine, thank you, Mr. Bravo. How are you?

[Bravo] Fine, thank you. How are you doing?

[Teran] I'm doing fine.

[Bravo] What time is it there right now?

[Teran] It is 0815.

[Bravo] Alright, we will begin our talk with you. Can you assess current relations between Ecuador and the United States? Also, at what level do current commercial bilateral relations stand between the two countries?

[Teran] They are progressing actively, frankly, and rapidly. Probably the most important thing about these relations with the existing administration is that Ecuador, as a country, was granted the condition of not paying duty on exports to the United States. Currently, Ecuador can, this became effective on 13 April 1993, export virtually all of its products, of course with some limitations, to the United States without having to pay duty. For instance, flower and (?fruit) exports, basically.

[Bravo] Dr. Teran, we have approximately 10 questions for you. Is the United States the principal commercial partner that Ecuador has for the sale of those products?

[Teran] Of course. The United States is the country that receives over one-half of Ecuador's exports and the country where one-third of Ecuador's imports originate. The United States is Ecuador's principal commercial partner.

[Bravo] In that sense, the duty preferences extended to our country have begun to bear fruit?

[Teran] Yes, this effect or the advantages received are evidenced in the current exports of fruits and flowers. What is more important though is that approximately three weeks ago the Ecuadoran business community received a group of U.S. technicians, who explained how we can benefit from this system. We can anticipate, obviously, that in the coming months and years we can send more exports to the United States, which is encouraged by this system or condition of not paying duty. This system will be effective until December 2001.

[Bravo] Will these exports be of nontraditional products?

[Teran] They will involve products of any kind, of course. Obviously, we would have to anticipate that they will also involve new products, nontraditional products.

[Bravo] Dr. Teran, what is your opinion of the up-to-a-point, indefinite suspension of negotiations and nonpayment of interest on Ecuador's foreign debt?

[Teran] There is no indefinite suspension. The Ecuadoran Government has contacted its creditors. We are seeking to resolve the foreign debt situation as soon as possible. There is interest in solving that situation because once we have it solved in the international markets, Ecuador's access to international credit, to banks, private banking, will again be a great tool of development, as it was in the past. Currently, stemming from the debt problems, Ecuador has remained more or less on the sidelines of relations with international financial markets. Naturally, this has meant the loss of an important tool for the country's development. We hope that this situation can be resolved quickly because it will benefit all of Ecuador's development.

[Bravo] Do any of these temporary payment suspensions have an adverse effect on any steps made to attract foreign investment in the country?

[Teran] I will say that they will not have an obvious effect because foreign investors normally have their own sources of financing, their own capital, and their own international financing sources. I would say that the community of businesses, already established in the country, and the government will have some limitations. That is because it is the existing, the current businesses that do not have access to the international market credits. That is where the principal limitation exists. Logically, it will also be good news for foreign investment if the debt problem is solved.

[Bravo] Dr. Teran, Architect Sixto Duran-Ballen has been in office for one year. One of the most widely discussed issues at present is the 3 September economic adjustment, wnich solidified the national economy and increased the confidence of foreign investors, especially in the United States.

[Teran] I would say that not only the adjustments and measures adopted on 3 September, but the policies that President Duran-Ballen's government have followed, have been very well received by the international community and here in the United States, of course, by the business community, international organizations, and the U.S. Government.

[Bravo] What is the key to President Duran-Ballen's policy?

[Teran] There are several factors. First, the arrangement of domestic accounts. In other words, the struggle against our growing budget deficits, which were and are basically responsible for the progressive decline of the Ecuadoran people's incomes and even for the currency devaluations and high inflation. The results of the current government policy have been most auspicious. Inflation has decreased, public spending has been curbed, and a budget law has been passed that allows the government to prevent waste and uncontrolled spending by decentralized state institutions and government institutions. All of this has substantially improved public finances, which is perceived in the United States as an apparent improvement by President Duran-Ballen's government.

Apart from this, the government is making an effort to modernize the state. It is trying to raise the Ecuadoran state out of the depressing condition of being a system that oppresses citizens, fails to provide services, and simply creates for citizens a growing number of [word indistinct] difficulties in attaining goods and services. The government's efforts to overcome this problem and the positive results it has attained are greeted with encouragement by the international community. Part of this effort includes a process aimed at privatizing certain inefficient government institutions. This is another factor that is viewed as positive.

[Bravo] Are certain companies interested in investing in strategic Ecuadoran institutions that will be privatized within the next few days?

[Teran] Yes. I will point out two interesting aspects. First of all, the U.S. general interest in Latin America, which has evidently been aroused and will gradually increase. Ecuador must take the utmost advantage of this because it must compete with other Latin American countries for investments, job sources, technology transfers, and so forth. Generally speaking, Latin America is the destination of U.S. foreign investment with a view to the future. Ecuador is seen as a desirable country due to its peaceful conditions, central geographic position in South America, and its friendly attitude toward foreign investors and the international community. This with regard to overall encouragement.

Now, regarding specific issues such as areas of investment and where to invest money, we have also had a glimpse of this, which involves privatization. One of the areas of greatest interest to U.S. investors is the oil sector, which is very important now that something impressive is happening with our neighbors. On 10 August, after many years, Venezuela approved a law whereby foreign investment in oil is again permitted. Foreign investment had disappeared from Venezuela's oil industry for almost 20 years but it will resume now. I believe Conoco is one of the U.S. firms that is interested in investing in Venezuelan oil.

Another fundamental issue is the recent discovery in Colombia of truly gigantic oil deposits. The development of the oil industry in those two neighboring countries will be an important reality in the next few years. There is also a great deal of interest in the continued development of Ecuador's oil industry and Ecuador must be open and willing to offer maximum encouragement to oil investors.

[Bravo] Have efforts been coordinated with OAS Ambassador Blasco Penaherrera to promote Rodrigo Borja's candidacy at the OAS?

[Teran] A month ago I followed the Foreign Ministry's instructions and informed the U.S. Government of Ecuador's support for Dr. Borja's candidacy. A message in this regard and additional documents were sent to the U.S. State Department. Of course, this Foreign Ministry decision was very well known to our OAS ambassador, who is directly involved in this government policy.

[Bravo] Do you believe the United States will be able to support Rodrigo Borja?

[Teran] I cannot predict what the U.S. Government will do because its usual policy toward all the countries is to never reveal its position prior to any election or any international vote; this is true not only of elections but of any multilateral voting event. It is a policy the U.S. Government has carefully maintained.

[Bravo] Dr. Teran, thank you very much for this conversation. May God bless you and may you continue working for the country.

[Teran] Thank you very much. I am always at your service, Mr. Bravo. Best wishes.

[Bravo] So long.

Duran-Ballen State of Nation Address

PA1408231793 Quito Radio and Television Networks in Spanish 0013 GMT 13 Aug 93

[State of the Nation Address by Ecuadoran President Sixto Duran-Ballen at the National Congress in Quito—live]

[Text] Mr. Vice President of the Republic; Mr. President of the Honorable National Congress; Mr. President of the Supreme Court of Justice; messrs. Ministers of State and cabinet members; Your Excellency Apostolic Nuncio, dean of the diplomatic corps; messrs. ambassadors accredited to the national government; messrs. Vice President and members of the Honorable National Congress; Mr. Chief of the Armed Forces and National Police high command; Mr. Archbishop of Quito; messrs. of the Honorable Consular Corps; high-ranking civilian, military, ecclesiastical, and police authorities of our homeland; ladies and gentlemen:

Fellow citizens, I am fulfilling my obligation, my constitutional obligation to come to Congress and report to Ecuadorans, through you, the results of my first term in office, even though this did not occur on 10 August, as has been the historic and democratic tradition in our country.

All human actions must be analyzed based on the goals achieved, the obstacles encountered, and the unavoidable challenges that time presents. Under these considerations I come, honorable legislators, to tell you that my government has begun, with determination and firmness, steps aimed at effecting the transformation that our history demands and that will allow us to achieve a much longed for progress in an atmosphere of peace, harmony, and justice.

The social and economic conditions under which we had to assume the government and the historic exigencies for modernization demanded in-depth changes that my administration could not avoid. Fellow citizens, it would have been easy, as in previous times, to face these problems by resorting to miraculous and traditional formulas such as overdrafts in the Central Bank—my government has not overdrawn itself in the Central Bank one single day of my first year in government—nonallocated funds, heavy debts within a short period, and unlimited fiscal deficits.

Yes, honorable legislators, it would have been easy to adopt, as other presidents did, demagogic measures that would have brought political benefits to my government but would have worsened the crisis in an irresponsible way. Nevertheless, I opted to take the difficult road, to rule for the future by sacrificing today's sympathies. I am quite certain, fellow citizens, that history will bear witness, and the country will soon be able to fully recognize the courageous effort my government exerted. [applause]

Before coming to this legislative hall, I thought it my duty, fellow Ecuadoreans, to read the message that I delivered when I took office 10 August and to likewise review the statement I made on 20 January when, responding to my request, you granted me the deference of welcoming and listening to me. This has allowed me to evaluate with precision the path that has been followed, the accomplishments attained thus far and those we have not yet achieved, which force us to persist and struggle.

In those messages and in today's I was determined to ask my fellow citizens and you, their representatives, to seek national unity as the Congress president has just done, to achieve the ambitious goals that our future demands by effectively sharing, Mr. President, our duties and obligations, tasks and sacrifices, achievements and dreams. Proof that consensus and unity yield valuable results can be seen with the approval of the constitutional reforms that reorganized the judicial duties following the request I made of you on 10 August. These reforms will allow us to make significant progress toward professionalizing and depoliticizing the administration of justice, which the Ecuadoran people have always aspired. I am thus echoing the peoples' concern over plans to reform that that you, with these reforms, attempted to correct. [applause]

I say this because over the last 72 hours there has again been talk of reforming that that you reformed only a few months ago. This is not what the Ecuadoran people expect of us, and they will not tolerate it, Mr. President, according to what you have reported.

The national government took over a country that was in an extremely difficult social and economic situation. Persistent inflation rose to percentages bordering 60 percent, and all previous attempts to curb it were useless. The trend of the public sector deficit was toward a figure equivalent to 7 percent of the GDP [gross domestic product]; international monetary reserves were below $225 million; and the exchange and finance markets showed serious distortions and fluctuations, which made economic agents feel pessimistic and frustrated.

When I took office I said, quote, one of the most serious problems my government will face, if not the most serious, is the economic crisis it has inherited, unquote.

Reality was even more bitter. Many of the public sector's activities were virtually paralyzed. In the housing sector alone, the one I know the best, perhaps from experience, over $160 million in loans had been made; they were loans obtained and signed between 1987 and 1988 that were not used due to subsequent government inertness at a time when the need for housing was rapidly increasing in Ecuador and when an institution had been organized to truly attempt to partially correct this problem. Of course, personnel was increased at the country's two housing institutions. An additional 1,161 new jobs were created.; nevertheless, we were told of efforts to reduce the size of the state payroll.

My government, on the other hand, has streamlined public sector appointments without harming anyone. Useless vacancies have not been filled, nor have work contracts been renewed. We have negotiated retirements, and there have been voluntary withdrawals that have harmed no one; therefore, in one year in office we have already eliminated over 20,000 unnecessary bureaucratic positions, while in the years immediately preceding my Presidency there was an average of 15,000 additional employees on contract.

Economic maladjustment and state inaction exacerbated the structural difficulties that have characterized our economic system for several decades.

The situation included low savings and investment levels, a large and unproductive debt that discouraged foreign and local investments, an acute concentration of income aggravated by the inflationary process, and an oversize and inefficient state apparatus that devoured scarce national resources thus negatively affecting the standard of living of the poor.

This is what has not been said. It has been minimized by people who have tried to justify the conflicts and problems my government has confronted. I have the obligation before the people and history to clearly leave these facts on record. However, we will never dwell in the field of complaints and confusion.

The government's public and social works required economic stability and the creation of suitable conditions for vigorously reactivating the country's social and economic development. Only through healthy fiscal, monetary, and debt policies can we set, for the government's public works edifice, keystones that will not be weak or short-lived, that will be different from those of other governments.

This strategy was the only serious option we had to face obstacles and to respond to the hopes of the Ecuadoran people.

Those who have benefited from the country's structural disorder, the defenders of anachronistic and obsolete political theories, and those who want to maintain their privileges, have tried to ignore the dramatic situation we inherited and to distort my government's work. They have accused my government of going only after economic objectives and of ignoring social matters.

They have failed to consider the fact that our firm position is aimed at substantially improving the standard of living of the people.

The implementation of these three policies is beginning to yield fruit. There is a clear tendency toward decreased inflation. International monetary reserves this year amount to more than $1 billion. Exchange rates in the free market have become stable, and trust in our currency has been reestablished. We have been able to create a climate of trust and stability, and the opinion prevails that the government is tirelessly working to resolve the country's economic and social problems.

Honorable legislators: By means of this message, you will know of the efforts and work that my government has carried out during its first year.

One of the fields that has given me the most satisfaction is that having to do with the planning and implementation of housing programs. The creation of the Urban Development and Housing Ministry accurately reflects my decision to give priority treatment to social investments, to the construction and financing of houses for low-income Ecuadoreans.

In August 1992, the situation at the Ecuadoran Bank and the National Housing Board [Junta Nacional de la Vivienda] was an expression of the general crisis the country was enduring.

Most of the housing programs were paralyzed because the construction workers' payrolls had not been paid. Furthermore, there was a virtual suspension of loans for home purchases and improvements. As of 10 August 1992, we initiated the process whereby the housing sector would recover, World Bank disbursements would resume, and the use of U.S. Inter-American Development Bank and German KFW [expansion unknown] funds would be reactivated. So far the results have been satisfactory and considerable. An initial capitalization of 49 billion sucres allowed us to pay off pending debts, which had to be done first. Forty-nine billion to pay off pending debts and reactivate housing program investments.

During this first year of government, social investment in housing programs—yes, social investment—was 34.5 billion sucres for 8,800 loans. As for the construction of housing solutions, I am very pleased to inform you that 17,800 homes are under construction in various parts of the country, 900 of them in rural areas, and we are about to begin building 4,210 additional homes, for which we signed contracts in Duran and Guayaquil on occasion of the 25 July celebrations. All in all, in its first year in office the national government is building over 22,000 homes throughout the country.

No one can argue that among our severest national problems is a lack of potable water, which is essentially the responsibility of the country's municipalities. Virtually the only request that is made of the executive wherever he goes is not that he be the country's president but a nationwide supermayor. Throughout the country the greatest need is for potable water and according to Article 15 of the Municipal System Law, the provision of water is a municipal duty. Nevertheless, the inclusion of the Sanitation Works Institute in the new state secretariat has allowed important programs of this sort to be taken to several areas of the country.

The Oro Province regional potable water project, which is eternally under construction, has been refinanced and the project will be completed by next March. Another regional project that is eternally under construction is the one in Esmeraldas. These are true examples of the answers my government has given to vital plans, which were postponed for decades. We have also set in motion the Ocotal project in Guayaquil and we are trying to broaden its scope and social benefits. Thus, I decided that the 18 billion sucres the previous government allotted, which were to be returned to the Treasury when the Spanish loan was made effective—which has already happened—will remain in the power of the Guayas Provincial Potable Water Company and will not be used solely to increase services in areas where they already exist, but to expand to low-income areas that are not included, such as neighborhoods like Pasion Popular, La Prosperina, and [name indistinct].

Along these same lines my government has also pledged to donate 11 billion sucres yearly, in the 1994-96 budgets, and to provide for an equal amount in the 1997 budget, the draft of which my government must prepare. This contribution of 44 billion additional sucres will make it possible for us to concurrently sign the contract for 18 billion sucres, which the water company has already received, and the contract that increases these funds by 35 percent in accordance with the law, These projects will be executed within 12 months because the Ecuadoran-Spanish construction consortium has agreed to its deferred payment.

In the southern part of the country we carried out the Loja-Zamora Basic Sanitation Program which includes 28 potable water systems, 18 sewage and latrine systems in rural areas with German funds. We are carrying out viability studies for potable water, sewage, and latrine works in several provinces of the country.

We are granting technical assistance to several municipalities in the [words indistinct] and for the urban development program of Babahoyo, which includes flood control, potable water, sewage system, and rain drainage funded by German credit. By the way, a credit obtained in 1987 by the National Housing Board which the last government decided to suspend was later reactivated in light of the new floods in that city.

Yes, messrs. legislators, housing and potable water are, thus, spearheads of my government's social program. There has indeed been social action.

One of the basic offerings of my campaign, was to apply a real effort to improve the Ecuadoran people's health situation. We have already started fulfilling the aspiration for the country to have medicines at lower prices while being similar to those so-called brand-name products through the long awaited generic medicines program. The investment foreseen for this year is for 10 billion sucres. The generic medicines program is another project with enormous social significance.

The Plan for Strengthening and Broadening of the Basic Health Services, FASBASE, a project conceived by previous administrations, has been redesigned and efficaciously complemented by my government. And, as a consequence, a $70 million credit will be allotted to the development of primary medical attention, nutrition, and basic sanitation in rural areas. It will benefit over 2 million Ecuadoreans who inhabit areas described as critically poor.

We have strengthened programs for the delivery of free medicine for children under 14 years of age along with the delivery of a nutrition supplement to over 800,000 children and lactating mothers.

The control and prevention of illnesses also deserves our concern. We have developed campaigns of vaccination, fumigation, and surveillance of epidemics. The results obtained are already important. For instance, there is a decrease in the incidence of cholera cases; from 30 cases per 10,000 inhabitants in 1992 to five cases for 10,000 inhabitants so far in 1993. This is the result of the task of preventive medicine, education, and training.

In coordination with other state organizations we undertook an true campaign for the recovery of hospital equipment absurdly abandoned for many years. Millions of dollars worth of health infrastructure are already operating in the country's hospitals.

With the participation of the Comptroller General's Office and the Attorney General's Office, we have opened those drawers and those crates that were unused, out in the open some of them, to establish responsibilities as to why that equipment had not been installed and also to allot the local funds to install them. Over 70 percent of that equipment is already operating.

We have reinitiated the construction of the Cariamanga, Chone, Pelileo, and [words indistinct] hospitals whose works were paralyzed. In a few days we will initiate the works for the Port El Carmen Health Center, in Putumayo. A few weeks ago I personally verified the need for this center. We maintain our intention to provide the entire country with medical services.

In today's Ecuador, the education issue deserves analysis and attention different from that it has been awarded. We must take into account the fact that education must prepare our young people to join the national productive stream as productive elements capable of contributing their knowledge and their energy to the country's development process.

This must be the main objective of education. I have said this before. The work of the Education and Culture Ministry is aimed at improving and strengthening basic education through the curriculum reform, which involves the two most important fields of education: the scientific and technological aspect and the ethical-civic aspect.

The idea is to modernize education and recover respect for fundamental values such as the fatherland, family, and nature. During my first years in the government, we gave priority attention to efforts to secure the assistance for school's with children from the lower income groups.

The Education Ministry has distributed 1.8 million books and guidebooks of the Amados Surcos series, thus benefiting 758,000 children and teachers.

The School Breakfast program, which has been a tradition of all the governments, was almost paralyzed when we arrived at the government. UNICEF had suspended its assistance because of grave errors committed during past administrations. My government took on the challenge and now we are reaching the country with 1 million school breakfasts daily.

We have made efforts to rehabilitate the school infrastructures of the 21 Ecuadoran provinces. The Education Ministry has reopened 400 schools that had been closed in rural areas in recent years.

The School Construction National Directorate [Direccion Nacional de Construcciones Escolares] has invested 6 billion sucres to repair school installations.

The Education Ministry believes it is necessary to improve technical education. Together with production chambers, we have promoted occupational education in the short and middle term.

Through agreements with SECAP [Ecuadoran Service for Professional Training], curricula have been unified so that technical school graduates may obtain technological degrees after taking courses for an additional three years.

More than 158,000 adults have benefited from popular education courses.

It is worthwhile noting that during the government transition days, the government owed the country's teachers several months of salary, approximately 250 billion sucres. We are up-to-date with the teachers' salaries right now.

Ecuador's universities have been a source of much concern for my government. We want to respect their autonomous status and at the same time promote the self-criticism process in which they are immersed. For the first time in many years, the government has sought ties with the universities and has obtained a positive response from them, which you understand cannot be disconnected from the productive sectors or from society and that they must produced well-prepared professionals.

As the state's finances improve, we will be able to strengthen the economy of the state universities, especially those that want to prepare the young people for production and promote research programs.

The government, with a true spirit of healthy academic competition, is backing the creation of private university centers in various parts of the country.

My administration has promoted culture by actions such as the creation of the Cultura Foundation, to secure resources from the private sector to sponsor cultural activities.

I believe in incentives like these which, in the long-run, will make the cultural sector self-sufficient instead of maintaining state paternalism and, therefore, perpetuating the cultural sector's dependence on the government.

We also promoted the creation of the Juan Montalvo international professorship, which has already been approved by the OAS; we initiated the restoration of the [word indistinct] National Theater in Quito, an authentic monument to our culture.

One of the activities that made the greatest impact was my government's contribution to national sports through the national sports directorate and the Public Works Ministry. The modernization and enlargement of the stadiums in Cuenca, Puerto Viejo, Machala, and Ambato, which were venues for the Americas Cup, constituted an investment of over 7.2 billion sucres. We have initiated payment of 410 billion sucres, which were added to the Ecuadoran Culture House budget, with the recent disbursement of 125 million sucres.

Education, which guarantees the country's future, is a social priority for my government. Definitely so. In the same spirit that inspired Mrs. Corina Parral de Velasco Ibarra to create the Family Institute [Infa], and with the marks left by Mesdames Roldos, Hurtado, Febres Cordero, and Borja, my wife has also fully thrown herself into its service. In keeping with my government's social policies, the Infa has continued its institutional mission of establishing mechanisms that guarantee efficiency and honesty in the treatment of children. The Infa focuses its efforts on poverty-stricken areas. Thus, in coordination and cooperation with institutions that comprise the social front, the Infa has carried out the following activities: an immunization campaign to eradicate neonatal tetanus; receipt of $5 million from the Japanese Government for the acquisition of medical equipment; receipt of 500 tons of food for low-income sectors; agreements for equipment and training at several children's hospitals; and strengthening of the child development program through 615 centers in low-income rural and urban areas in 16 provinces. These centers provide daily care, food and education to 21,000 children under age five who have nutritional deficiencies or are at risk of such problems. By December 1993 I hope to increase this service to 315 new centers throughout the country.

We have intensified the program for young workers. In the 17 areas where this program is being executed, we have bolstered attention given to education, health, and occupational training for approximately 9,600 infants and youngsters between ages 6 and 17 who work in the streets. By December we hope to increase our coverage to 13,000 more children. This program also supports institutions that carry out programs for street children.

The national program for the handicapped has provided treatment to 14,336 children and adults at four physical rehabilitation centers and at the units for physical development and auditory handicaps. Handicap prevention treatment was also provided to over 10,000 people. The social medicine program contributed 200 million sucres for specialized medical treatment for approximately 1,200 low-income individuals afflicted with complex diseases.

Through 28 children's treatment centers in 14 provinces, daily health care and preventive treatment is provided to over 2,000 children under age five whose mothers are low-income workers.

We are giving support also to 1,500 relatives of those children and to other members of the community. The Home Residency care centers provide daily care to 130 abandoned orphans and to 100 abandoned elderly persons. The Integral Rehabilitation National Directorate of the Social Welfare Ministry has been caring for these persons, who represent 12 percent of the Ecuadoran population. Incredible!

We have carried out studies to determine what their true situation is, the causes of their handicaps, and educational risk factors. This has allowed us to take actions that benefit them, such as those aimed at improving their professional training to turn them into skilled workers. We have carried out programs to create awareness on how to prevent disabilities.

This is a field that perhaps was ignored in the past. I think that Mrs. Duran-Ballen deserves some recognition. [Applause] She has strengthened this program. Before, the country was ashamed of its disabled people. We saw them as if they were pariahs. Little was done to help them, and their numbers continued to increase. Most of their disabilities could have been prevented.

This is what Infa is doing. Our gratitude goes to those who form part of that institution. We are also paying homage to the memory of people who led that institution in the past. Now we are promoting this tradition with our own help and our social rescue work.

The Social Welfare Ministry has coordinated interinstitutional efforts—the many efforts being carried separately by many state institutions—and has reorganized administrative work to provide basic services and to support productive infrastructures for the benefit of society's poorest and most vulnerable sectors: minors, young people, women, elderly people, peasants, and the disabled.

We have worked on two areas: social welfare and integral rural development.

Through the Womens National Directorate [Direccion Nacional de a Mujer], we have maintained the Womens and Social Development project. We have placed special emphasis on the generation of income by women, especially in the rural sector, to promote art works, agricultural and livestock activities, and other services. We have invested 263 billion sucres in this program during this period.

To give attention to poor elderly people who are not benefited by the social security system, we have signed 32 agreements with nongovernmental organizations amounting to 157.95 billion sucres to subsidize the food and the operations of private centers that care for the elderly.

The community network for child development is a program that, thanks to the National Fund for Child Nutrition, cares for the most vulnerable people: children under six years of age. There are right now 1.26 million such children. Of these, 49.4 percent suffer from chronic malnutrition.

As of August 1992, we implemented interinstitutional coordination to conform and unify the program methods with the Education and Culture Ministry, Labor and Human Resources Ministry, and the Public Health Ministry to improve the quality of service.

Between August 1992 and December of that same year, 148,228 children were attended to and 36.258 billion sucres have been invested in this program.

In the low-income sector, the inability to afford housing is a serious problem that has caused the emergency of illegal human settlements. To confront this problem we have developed the Habitat Project, with financial support from the United Nations, consisting of teaching these people how to build their own housing. To this end, we have held workshops of collective [words indistinct] physical and socioeconomic diagnosis, and support for the organization of the legalization of land holdings. These activities have been carried out with the Andes [words indistinct] and 24 October cooperatives in Guayas Province, and the Lucha de Los Pobres and Atucuchos cooperatives in Pichincha Province.

Through real and integral development, [word indistinct] means to incorporate peasants into the country's development process. The activities undertaken in this area are aimed at increasing production and productivity, commercialization, irrigation infrastructure, and the road network. Commercial organization and participation is essential for this program.

Currently, 23 Inter-American Development Bank [IDB] projects are being carried out in Cotopaxi, Imbabura, Azuay, Manabi, Chimborazo, Loja, Canar, Pichincha, Carchi, Bolivar, Guayas, and including the so-called [word indistinct] with 12 projects partially financed by the World Bank. All these projects benefit 21,560 families and cover a surface of 10,600 hectares.

Other projects are being carried out with the help of other types of foreign aid. Among these are: the [word indistinct] of Imbabura, with the support of the Spanish agency; the high river levee on the Canar River, with the support of [word indistinct] from The Netherlands and the World Food Program; and the [word indistinct], that is financed by the Swiss Technical Cooperation. The National Emergency Fund has signed cooperation agreements with the Archbishopric of Guayaquil, the Confederation of Indian Nationalities of Ecuador, the [word indistinct] of Ambato, the Chimborazo governorship, the Santa Ana de los Rios Foundation, the [word indistinct] Federation in Guayas, the Quito Firemen's Association, the Ecuadoran Blind Persons Association, the Provincial Civilian Defense Board from Canar, the Portoviejo and the [word indistinct] municipalities, the Provincial Council of Imbabura, the National Development Bank, and the Ecuadoran [word indistinct] Community. The total of this aid is for 1.9 million sucres. At the Santa Isabel project, 120 hectares of trees have been planted; technical advice for short-cycle crops has been provided, and two agroindustrial microprojects have been set up.

In the social field, the Social Security Institute's work is important. This year, despite the problems we have faced, this institution has collected revenues for 962 billion sucres and it has disbursed 853 billion sucres. Economic costs and medical expenses were paid out for 359 billion sucres. Its administration expenses were 56.4 billion sucres, while it invested 374.8 billion sucres.

The peasants' social security fund granted loans for more than 13.636 billion sucres; 49.5 billion sucres were earmarked to the military and police fund; 224,000 requests for unsecured loans of up to 660,000 sucres repayable in one or two years with a 16 to 25 percent interest rate were filed; 7,849 requests for mortgage loans were received—which means the country's housing [word indistinct] is about 30,000 units—and 232,768 requests for secured loans were filed.

Although it has been said, fellow citizens, that one of the reasons for the crisis affecting the Ecuadoran Social Security Institute, IESS, is the state's debt, I must note that there are people who want this administration, which has never used those funds, to pay for it. This debt of 390 billion sucres definitely was not acquired or increased by this government. Those debts were acquired by various previous governments over a long time. The finance minister has said that there is no allocation for this in the 1993 budget. We are, however, negotiating consolidation contract. Those debts, however, cannot be paid this year, and necessarily will have to be paid over several terms. The IESS has implemented an active administrative ethics campaign. The internal auditing department is conducting an in-depth investigation.

As a result, 76 investigations have already led to sanctions, among others, for confirmed mishandling of funds. Through a rationalization process or good management of resources, we are trying to expand IESS health coverage to relatives of current affiliates, that is, to their spouses and children under age five.

As you can ascertain from the data, this ministry, the Social Welfare Ministry, has indeed carried out social actions and works through the minister and its deputy secretariats. Although the ministry was without a minister for several months because of the serious health condition of Dr. Mariana Argudo that led to her resignation, which we accepted, it was efficiently led by undersecretary Gustavo Cordovez Chiriboga, who was appointed by the minister. I was unable to ratify him as minister because of our close family ties. This was an act of justice.

My administration's labor policy focused on three large and defined areas: Labor administration, salary policy, and employment policy. This produced a coherent set of projects and initiatives promoted by the executive that will continue in the next three years as the sole mechanism to transform and modernize our labor system, which is so complex and full of conflict and at the same time so important and full of possibilities.

As for labor management, we have promoted harmony and equity in labor relations because we are aware that capital and labor are indispensable and complementary factors of production. To achieve this objective, we avoided policies that lead to confrontation.

As a result of this, labor union activity has been considerably reduced during this period, to the extent that 164 collective bargaining...[corrects himself] 164 labor conflicts have been solved, while 183 collective bargaining contracts have been signed. Some of these date back to the past administration. This means that labor conflicts—if compared to the period between 1987 and 1992—were reduced by 74 percent during the first year of my administration. We have indicated the need to reach a broad social tripartite agreement among the government, businessmen, and workers. The intention is to increase and improve production, generate jobs, and combat inflation within a framework that respects the rights of the parties involved.

To guarantee the nation's progress, the public sector's excessive capacity to hire personnel has been reduced so that the resources are used for investments and public works for the community. The salary policy attempts to establish—medium term—a just salary that would allow the worker to meet his needs and that of his family with self-respect. During the last decade, salary increases have been diluted by inflation. Nevertheless, during this administration, incomes have truly been increased as inflation has been reduced. The minimum total monthly wage for workers in August 1992 was 107,302 sucres. Since June 1993 it has been 173,666. This translates into a 65 percent increase in the worker's true annual income. This the true minimum income. In addition, workers' salaries have been increased through collective contracts and commissions.

Legislators: the draft bill to simplify and implement the complex and confusing salary structure is ready. This draft bill encompasses current obligatory salary components to establish a minimum simplified salary that can be increased without the current [word indistinct] as is done in the majority of nations. In addition, job creation programs have been implemented in downtrodden sectors through handicraft and small business projects. Also in the field of professional and nonprofessional job training, more than 100,000 persons were trained during this period.

As far as the employment policy goes, this government has fostered through its ministries and institutions in downtrodden areas job creation programs and projects, employment agencies, handicraft and small business projects. The aims of these alternatives is to combat unemployment and underemployment by offering sound training to workers to overcome the current difficult situation. This is true social action by the Labor Ministry.

Attention to social needs can no longer be put off just because of our complicated bureaucratic system. The international aid indispensable for the financing of social works and the urgent needs of our nation's poor sectors require a clear, efficient, and dynamic system that represents the solutions the community awaits. This is precisely what the Emergency Social Investment Fund [FISE] is. FISE has joined the community as the promoter and executor of projects, incorporating the community to seek for and find solutions. This is being done in our hemisphere by Bolivia, El Salvador, and in tiny Guyana, among other countries.

The FISE was created by my government through Executive Decree on 19 March 1993. People can say what they want about this, but the FISE was created by my government on 19 March 1993. No action had been taken in this field before. We will not allow others to claim what we created. [applause]

Despite the short time it has been working, the FISE has already accomplished some of its objectives. In four months, the FISE has carried out more than 200 projects worth 15 billion sucres. This adds to my government's social investments in other areas. The FISE has already approved 71 [word indistinct] in various provinces of the country. Twenty-five of these projects are already being implemented. Poor and long-neglected communities are the national government's concern, especially in the areas of telecommunications, drinking water, school and health infrastructure, rural roads, coffee crops, and handicraft shops in the provinces of Esmeralda, Morona, Santiago, Azuay, Napo, Pichincha, and Canar. Let us remember this program has been in place only four months.

The efficient manner with which we have handled the fund has already been praised by international organizations that have given their support in the form of donations and credits, which guarantees the future of this new and efficient instrument in providing social assistance.

Traditionally, the role of the state toward the Indian and ethnic populations in our country was that of social assistance. Today we have initiated a process of dialogue and concerted effort between the government and the Indian organizations with the purpose of contributing to Indian community organizations and promoting their self-governments.

Since the beginning of my administration, I reactivated the office of Indian and Ethnic Minority Affairs in the Presidency as a technical-political body in charge of coordinating and drafting the strategies that should be implemented.

The office is led by an Indian professional with various university degrees, who maintains and respects his traditions. It has represented a political and ideological opening toward various organizations. We have demonstrated the technical-administrative capability of Indians and peasants.

During my first year in office, the office of Indian and Ethnic Minority Affairs has conducted the following activities: the processing of hundreds of application forms from the various Indian organizations to the different ministries and the drafting of productive programs for the construction of public works, infrastructure, and rural roads with the direct participation of the beneficiaries. Some of these programs will be submitted to the FISE. For the first time in history, an Indian leader has represented the president of the Republic in three international forums. [applause]

An Indian leader represented me at the first meeting of the Fund for the Development of the Indigenous Peoples of Latin America and the Caribbean held in Mexico City, at the inauguration of the International Year of Indigenous Peoples held in New York City, and at the 11th Working Meeting of the Indigenous Populations held a few days ago in Geneva, Switzerland, from which Dr. Quimbo [not further identified], my personal representative, has just returned.

For the first time in Ecuador, it was often mentioned but never done, we have applied a national plan for the overall development of the different ethnic groups, thus, this has become a [words indistinct].

The said plan contemplates, among other aspects, the development of productive projects as an alternative to the employment and occupation of the indigenous work force, thus, reducing its migration to the big cities.

We have improved the protection and marketing of farming products and handicrafts of some of the indigenous communities, reopening schools, strengthening intercultural pedagogic institutes and handicraft training centers for adults, training for teachers, and we have renewed an agreement with the University of Cuenca for issuing degrees in bilingual studies.

The collaboration of the Armed Forces through active participation to benefit the indigenous communities in distant and isolated places like the Amazon region and the mountains is worthy of commendation.

The Agriculture Ministry's National Directorate of Peasant Development, along with the different peasant organizations, has established 44 agricultural, stock breeding, handicraft, and agro-industrial microenterprises. Furthermore, 19 workshops have been built and 63 marketing and training events have been held in 11 provinces. The legal, technical, and administrative organization of approximately 100 peasant organizations has been attained and the delivery of lands from the Agrarian Reform Program has continued through the [word indistinct].

In this manner, my government has shown respect for and has encouraged the pluralistic and multiethnic expressions that represent Ecuador's unique nationality. [applause] Thanks to those efforts, attempts to use the centuries long postponement of the problems affecting these compatriots to strengthen political projects and interested parties did not prosper. Our attitude toward the Indians became another factor showing my government's sensibility and social awareness. This not only applies to the groups I have mentioned so far, but to other areas I will mention later on. Ecuador has been confusing social income with social policy. I provide works projects, not slogans, in the social field. [applause]

Organizing information and tourism into a single ministry is an idea that has already begun to bear fruit. In the country and abroad, this decision has clearly transmitted the priority we seek to give the tourism sector to rationally take advantage of our greatest potential: our nature.

In that effort information plays a key role as it is what has been basically missing: promotion; to inform the world of the enormous attractions Ecuador has, and which are only beginning to be known.

The matter does not stop here, however. We have amended, rather, we have drafted the reform of the current tourism law to reach these objectives. We will be submitting the bill for your consideration soon, messrs. legislators. For the first time, we will regulate several activities, such as those by travel agencies, tour operators, and hotels.

We have defined provisions and strategies to make road signs with a pilot plan that was initiated in Imbabura. We created the Security Committee to protect tourists, and it is already functioning. We have, for the first time, a map of the structuring of tourism areas in Ecuador. Clear policies and actions exist to protect the Galapagos Islands together with the other government entities in charge of the national park. We are conducting a study to physically organize the use of beaches. We have ready a bill on coastal zones reserved for tourism.

The executive technical unit was created to reactivate tourism in [word indistinct]. We have concluded the assessment and cadastre of the fixed, unproductive Setur [expansion unknown] assets to sell it, since the state must not be a protagonist but a promoter of tourism. We were happy to turn the America Cup into a showcase for our tourist attractions with the use of promotional videos and [word indistinct], and henceforth we have just begun to make people aware of the value of this resource for the country, always based on information. Also in the field of information, the abuse of national networks came to an end, and free time granted by the law is used instead for civic and education campaigns.

On repairing and programming the national radio enterprise to raise the country's level of culture, we restructured the enterprise's personnel with a plan and infrastructure to regain credibility in official information and to optimize communication inside and outside the government. I have adhered to the most unrestricted respect for freedom of expression, although this right for everyone has been improperly used to defame my government. I prefer, however, some abuses by the media than restraints. I trust in their patriotism to guide public opinion on the major topics and steer them away from the unimportant issues. The Presidential Palace Press Secretariat coordinated the opportune information on all matters pertaining to the president without the kind of exaggeration or falsehood that prevailed over the deficient structure it found.

This ministry regretted and overcame the loss of patriot and friend Pedro Zambrano to continue the projects that he had started and were promoted by his successor with the goal of finally establishing an executive policy on information, distant from the methods of cover-ups and distortions so often used in the past. This combination of tourism and information seeks to generate 10,000 jobs every year in the private sector. The government is not an employment agency. Starting our second year in office, it hopes to increase to at least 50,000 the annual number of visitors. It seeks to make tourism the second highest generator of foreign currency by the end of this government. It may hold first place at the end of the century. Placing tourism as the second generator of foreign currency at the end of my government could prove to be one of the country's major achievements at the start of the new century.

As I said, I have had the strictest respect for freedom of expression and will continue to do so. Despite all the distortions, we will provide honest information, as has always been my policy in all the public jobs I have held.

On 11 August 1992, the public works minister found his ministry was just about paralyzed. Maintenance of the highway network was hampered owing to the lack of resources. Despite the harsh winter of 1993, we have made major strides to keep in good repair a large extent of the country's highways by investing over 48 billion sucres to maintain 12,400 kilometers of roads. Unfortunately, we were not able to maintain many community highways and roads since all of the road equipment of the Public Works Ministry was devoted to maintain the main routes of the country's main and secondary networks. In turn, we have restarted an intense program to paint signs along the country's major roads. So far this has been done on approximately 1,000 kilometers. The lack of necessary aid to the Public Works Ministry by the previous government led to a serious delay in paying highway and bridge contractors and the subsequent suspension of projects. This administration earmarked the necessary funds and paid 41 billion sucres from December 1992 to February 1993 for projects that had been finished. It paid 41 billion sucres for projects finished before 1992. Payment on some of these projects had been pending since 1989 and 1990. This is a fact, and we must start from it if we want to talk of public works. In the following period, we have paid an additional 39 billion sucres in projects completed during this administration. In addition to regaining the credibility of contractors, this effort was successful in making significant progress in the pace of the projects. During this period, the Public Works Ministry has earmarked and made the following contracts: the Cuenca-[name indistinct] Highway, at a cost of 125 billion sucres, is to begin in a few days; the complementary contract to finish the Ibarra-San Lorenzo Highway, at cost of 10.059 billion sucres, which is a project that is being executed and must be finished in 1995; repair of several highways that make up the [name indistinct]-Canada Highway link. The total 16.363 billion sucres for these projects granted to six contractors are financed with loans by the IDB.

The respective contracts were signed on 4 August of this year: 11 bridges on the (?Olguin)-Loreto (?Coco) Highway, Napo Province, with a total longitude of 635 meters to be completed in 1994 at a cost of 3.200 billion sucres; the south bridge over the (Perero) Bridge, Los Rios Province—a long-standing wish of residents—with a span of 198 meters, and to be completed in early 1995 at a cost of 2.520 billion sucres; the second bridge over the Santa Rosa River, El Oro Province, with a length of 60 meters, will be completed in 1994 on the Santa Rosa-(La Balsada) Highway at a cost of 400 million sucres.

Several agreements, totaling approximately 5 billion sucres, have been signed with municipalities and provincial councils to build, improve, and maintain community roads and to lend Public Works Ministry road equipment. This is undergoing the contract phase.... [pauses] All I have mentioned is either in the process of being contracted or being implemented. We are in the process of contracting stretch five of the Cuenca-Molleturo-Naranjal Highway. We will repair 31 highways damaged by the harsh winter of the 1992 to 1993 season in the provinces of Esmeraldas, Manabi, Guayas, Los Rios, El Oro, and Lojas at a cost of 6.2 billion sucres and an extension of 1,026 kilometers.

The construction.... [pauses] In this case, we have already received bids and they have been granted. We are in the contracting phase for the construction of bridges over the (?Ricau) on the Cuenca-Giron-[name indistinct] Highway, the bridge over (Chique), over [name indistinct], and over Verde in Esmeraldas. Guayaquil's 25 July Avenue will be completed with a loan approved by the state bank for 5 billion sucres.

Concerning the Guarumales-(?Merella) road, the Finance Ministry and the consortium that won the bid are negotiating the terms for financing this work. In spite of all the publicity the contractor has given about the convenience of this proposal, up to this moment the financing has not been obtained. A deadline has been given for it to be confirmed and, if it is not, the guarantees will have to be met and we will have to call a second bid.

During the second semester of 1993, there are still 90 kilometers of unfinished works to be carried out, 59 kilometers of major maintenance, 180 kilometers of major periodical maintenance, and the construction of 150 linear meters of bridges.

The local counterpart of this loan from the [word indistinct] shall be covered with routine maintenance works on another 7,000 kilometers of roads. The approximate cost of this work is $30 million, which will be covered with a loan granted to the Ecuadoran Government by the CAF [Andean Development Corporation]. That agreement was signed recently.

We have carried out the evaluation of the pavement of 700 kilometers of roads that could serve for the rehabilitation plan of the next three years.

My government is dedicated to the construction of the incomplete stretches of the Marginal Pacific Highway, as well as to the improvement of the construction of the existing stretches. The said highway would stretch from Posorja to Salinas to Manta to Bahia to Pedernales to Muisne to Esmeraldas to Borbon and the international bridge over the Mataje River to connect with the similar Colombian highway that the Colombian Government will build simultaneously on its stretch between Mataje and Tumbaco.

To this end, we have jointly—the two countries—requested a loan from the CAF. This work of regional integration—the Esmeraldas-Tumbaco Highway—could be a reality within my term of office.

For the other stretches pending construction between Pedernales and Muisne, Crucita and Charapoto—to avoid going the long way around Rocafuerte—and the short stretch from Puerto Cayo to San Mateo, the respective studies are being completed by the Public Works and Communications Ministry and we hope that once they are completed the different stretches will be put up for bidding. Some of them as part of the $120 million credit signed on 23 February with the IDB for the construction of roads.

I am very pleased to inform you that, during the visit paid by Brazilian Foreign Minister Fernando Henrique Cardoso, we discussed the old desire of both countries to join the Atlantic and Pacific coasts through a river route in the Amazon region using that waterway up to Puerto Rodriguez, (Sucumbios) Province, and by road from that eastern town to the San Lorenzo or Esmeraldas.

During the Third Ibero-American Summit in Salvador de Bahia I had the opportunity to discuss this possibility—of interest to both countries—with Brazilian President Itamar Franco. We also discussed possible ways to finance the construction of a highway from Puerto Rodriguez to Palma Roja—a totally new road—and the reconstruction and repair of the current road from that point to (Fafayacta), where the current road ends.

We also reviewed the possibility, which will be necessary for a second oil pipeline, of completing the La Bonita-El Carmen-Hugo Andrade Road, the missing portion from La Bonita and Lumbaqui. This will provide two access roads to the country's oil fields, the construction of which was interrupted by the 1987 earthquake. In that manner we agreed with the Brazilian Government headed by President Franco that the public works and foreign ministers of both countries will prepare the respective credit requests for the construction of those two highways. This project will cost approximately $80 million, and the Brazilian Government will lend us funds to cover approximately 85 percent of its total cost. I am happy to say that this is not a dream. On 13 August [as heard] I will travel to Puerto Rodriguez, accompanied by Brazilian experts, to inspect the route of the project that will join the Pacific and Atlantic oceans. [applause]

In the same manner, we discussed with Argentine President Carlos Menem the possibility of obtaining a loan to build some of the many roads the country requires and others that must be completed. A possible loan from Argentina, of course, will be subject to open bids by consortia of Argentine firms associated with Ecuadoran firms. We discussed various options and possible routes. The decision will be made by an Argentine mission that will travel to Ecuador in the next few weeks for that purpose. My government has invited President Menem to visit our country. In principle it was agreed that he will be arriving on 20 October. During his visit, we expect to sign the protocol for the loan to finance this project. The public works minister has been instructed to prepare the respective documents. Since the Argentine president has expressed interest in financing roads that will contribute to integration, we will include roads such as the Arenillas-Zalamorsa- Potillo and the (Sisi)-Gualaquiza highways, and the [words indistinct] which has not been completed. [applause].

On 29 March 1993. we suffered one of the worst natural disasters our co[illegible] has ever experienced. The flooding of the Paute [illegible]ian Rivers in the area known as La Josefina, a few kilometers from the city of Azogues and Cuenca. The magnitude and size of this disaster can only be compared to two other similar phenomenons in Italy and Peru. Perhaps the country has not fully realized what this has meant for the country and the area. The flooding covered 1,000 hectares in the provinces of Azuay and Canar, damaged construction works on the Pan-American Highway and the thermoelectric plant that provided electricity to the city of Cuenca.

The government immediately acted, through the Armed Forces and various ministries and institutions such as the Public Works Ministry; the Ecuadoran Institute for Water Resources, Inerhi; CREA, INF [expansions unknown], and the Education, Information and Tourism, Urban Development, and Health Ministries. The actions carried out by these government institutions were praiseworthy. We must also recognize the active and generous participation of private enterprise throughout the country, as well as the media. This showed we can work together successfully. This should not happen only when we face a catastrophe. Must we face problems to seek that union? We should ask ourselves: Should we only feel united when we face catastrophes or compete in sports tournaments like as the World Cup? Mr. President: you have just called for national unity and joint work of the government branches. Let's do it.

The national government decided to establish the New Projects Programming Council [Consejo de Programacion de Obras Emergentes], and it was not our intention to establish another bureaucratic agency at a time when we are trying to simplify the manner in which the government is being managed. This new council was made responsible for evaluating, analyzing, and making recommendations with respect to projects to be executed in specific areas. The council was to carry out this task by assigning duties to the state institutions specializing in various sectors, such as housing, health, and so forth. To finance the reconstruction of [word indistinct] a proposed executive branch decree was forwarded to congress to create new taxes, the revenue of which would be used for this reconstruction project on a one-time-only basis. The 1993 budget did not include this item, but we intend to include it in the 1994 budget. In an unusual display of unity to which I referred to before, the project was approved by congress with some modifications. Subsequently, and as result of an executive branch decree, the revenues collected from these taxes will be channeled through the Programming Council.

I repeat, the council was not created to become a project execution agency but, instead, to assign duties and revenues to be used by other agencies to finance research and to execute projects. Based on recommendations made by the Programming Council we decided to assign the Army Corps of Engineers the task of making this channel 7.5 meters deeper. This will allow us to drain a significant portion of the water still [word indistinct] and the releasing of the Puente del Descanso and the Cuence municipal thermoelectric plant for their subsequent improvement. Likewise, this will allow us to recover hundreds of hectares of farmable land that is still underwater. The Army Corps of Engineers also will build platforms in mudslide areas to bring about the stability of this [word indistinct].

Recently, the Public Works Ministry installed a metal Bailey bridge over El Chiqui. The Bailey bridge was extended as a loan by the Army Corps of Engineers. On the other hand, the National Housing Board launched a non-refundable construction material program for the Paute area totalling 381 million sucres. According to the Programming Council, a 5 billion sucre line of credit has been opened for preferential housing construction loans carrying interest rates of 8-15 percent. Another 2 billion sucre line of credit will be used in relocation programs when needed. In addition, bridge loans also will be provided to programs carried out by the [words indistinct] church curia according to their own preferences.

We are still awaiting the outcome of pending decisions to be made by the EEC, international organizations, and friendly nations with respect to granting unspecified non-refundable financial assistance just as they did following the 1987 earthquake. We have not forgotten the tragedy merely because the worst is already over. It is just that reconstruction efforts cannot advance at the same speed as emergency programs. One of my greatest achievements is having been capable of directly channeling aid and having received gratitude as well as understanding from the people of [word indistinct]. The national railroad enterprise has received nine new (Alston) locomotives and has proceeded with payments related to costs involved in building and transporting the locomotives to Ecuador. These locomotives were imported before we fixed plans for a railroad restructuring program, the procedures involved, and the resources needed for the project, including possible financial assistance from the governments of Spain and France, which would be used to purchase equipment and railroad lines.

The postal service has drafted its plan of action for the 1993-1997 period, applied simplified and unified parcel rates for the Andean subregion, and studied the possibility, with the Colombian postal administration, of permitting the use of postal drafts in the Andean subregion. A postage stamp issuance program has been drafted, which, in addition to considering the necessary rates, will serve to increase philatelic interest both inside and outside the country.

Despite the need to privatize Emetel [Ecuadoran Telephone Enterprise], either partially or fully, the reorganization of the institution's operation and structure was of priority interest. All of this means more assets for the state if the privatization process is carried out or if the enterprise is converted into a mixed one.

We succeeded in having the World Bank approve an amended contract to refinance Emetel. The contract, for $72 million earmarked for the construction of an external plant, was signed on 3 August. We invited bids for a master plan of the additional external plants in Quito and Guayaquil. We invited bids for the production of plant materials for the construction of 100,000 primary network pairs; the Tomsat project for the installation of ground stations in 44 remote sites, mainly in the country's eastern region; the acquisition of a relay station for Quito; and a project, which is in the process of being awarded [words indistinct].

A contract was signed with AT&T for the rebuilding of Guayaquil's external plant to accommodate 25,000 pairs of cables, to substantially improve the quality of service. [applause]

In addition, contracts have been signed for telephone switchboards for San Rafael, Azogues, and Bibian. A contract was signed with the Spanish enterprise Telectra for the supply of transmission and cable equipment for rural areas. The project will incorporate 273 localities into the telecommunications services and will make it possible to build a number of external plants. A contract was signed for 66,176 lines for five cities in Region 2. These switchboards will begin operating in the second quarter of 1994.

Several switchboards, with a total of 42,100 lines, and the construction of which was begun by previous administrations, were completed and set in operation in nine cities. I do not want to claim credit for the entire project. In a few months, the systems for six additional switchboards with 15,400 lines will be incorporated into works already under way.

At present [words indistinct], several awarded projects are being carried out with French, Italian, Spanish, and Canadian funds. I have already signed a decree authorizing loans from Canada, Japan, and the World Bank, based on a contract on 3 August. Fellow citizens, I have shown with figures that a large number of projects are under way and that many of them have been completed.

Between August 1992 and July 1993, the State's bank has approved 36 credit operations amounting approximately to 69 billion sucres. Of this, 18 billion sucres are from the resources of the so-called Municipal Development Program, PDM, which has approximately 35 billion sucres.

Besides the financing, the PDM contemplates the preparation of technical assistance, training, and institutional development programs. All these elements tend to the modernization of the municipalities so that they become efficient executors and administrators. Thus, the PDM also seeks to contribute to the State's fiscal solvency and its decentralization.

The municipalities of the country cannot simply be organizations that administer national allotments. The municipalities of the country, through their official land registration [catastro] and divisions, and by fomenting their own resources, must finance their activities, and the government's participation must be complementary to that which is beyond the possibilities of the respective ministry.

This has been the criteria with which the BEDE [Ecuadoran Development Bank] has been approving credits for municipalities and particularly emphasizing the execution of the urban official land registration and the administrative restructuring of the municipalities.

I just visited at least 60 or 70 municipalities in the country, and in the majority of them have already accepted the concept that they cannot continue to be permanently administered only by the State and that they must help find their own resources.

Among the most important projects financed with resources from the State's bank, there are roads and ground transportation terminals for almost 21 billion sucres; projects of basic infrastructure, for 7.335 billion sucres; and 2.4 billion sucres were allotted to complete the construction of the hospitals of Cariamanga, Chone, the Leon Becerra Hospital of Guayaquil, and a geriatric center in Quito.

Of this, 16.86 billion sucres were allotted for potable water and sewage projects in five cities around the country. Almost 7 billion sucres have been assigned to the paving of urban roads in three cities, while the construction of the markets in Puerto Viejo, Esmeraldas, and Ambato received over 4 billion sucres. The construction of the San Mateo slaughterhouse in the city of Esmeraldas continues.

Regarding the distribution of the credit granted by the bank—and this is a change of mentality with regard to previous governments—the municipalities have received 37.5 billion sucres, 69 percent of the total; the provincial councils received 14 billion sucres, 20 percent of the total; and the State has been benefited by credit for only 7.6 billion sucres, which amounts to 11 percent.

In the period that has been analyzed, the State's bank disbursed, from these and other previously approved credits, 96.145 billion sucres. The BEDE is definitely an effective organization for social and community attention for Ecuador.

Regarding agriculture, I must report that the procedures have been made easier by drafting decrees and laws with regulations for the importation, production, and marketing of seeds and fertilizers.

The restrictions on the amounts of the imports and exports have been eliminated in order to attain a greater stabilization of the prices and so our producers may compete on equal conditions with imported produce.

The domestic basic grain commercialization system has been strengthened through the use of negotiable certificates of deposit. The commercialization, storage, and cleansing of grains have already been transferred to the private sector and in our eagerness to establish healthy competition and to promote production, we have eliminated [word indistinct] prices for producers as well as consumers. Technical advice was given to 7,000 rice producers and in only a few months their productivity has increased by 0.4 metric tonnes per hectare. A technical cooperation agreement was signed with the Chinese mission and the UN Food and Agriculture Organization [FAO] whereby we will receive technical assistance for the production of seed.

Since bananas are such an important product for Ecuador, greater emphasis has been placed on the national banana program, which has become a technical institution that deals with its problems without demagoguery. This is how we acquired products for the phyto-sanitation campaign at lower prices than those paid in the past, which saved the program approximately 552 million sucres.

We also promoted the reduction of docking rates by 25 percent to increase competitiveness. Ecuador must pay the additional cost of transiting the Panama Canal and taxes for the national banana program to improve its competitiveness abroad. Crop dusting was carried out over approximately 278,000 hectares of crops to control black rot [sigatoca negra]. To coordinate joint policies in response to the measures imposed by the EC, through my personal initiative a meeting was organized in Guayaquil for presidents from the banana-producing countries.

[applause] The resolutions reached at the meeting were supported by the majority of countries in the hemisphere.

We invested 6.532 billion sucres in projects in Epagui and San Vicente for the execution of 17 small-, medium- and large-scale projects. The (?Manabi) Rehabilitation Center, CRM, which for many years was unable to function efficiently, has been reorganized by its new directors and at present is providing adequate attention in that province. For example, the water systems in Porto Viejo and Santa Ana were expanded with an investment of 11.5 billion sucres; 74 billion sucres have been invested in the Poza Honda project for the construction of irrigation canals for Porto Viejo, Roca Fuerte, and Santa Ana. We have built irrigation canals as part of the Carrizal-Chone project in Estancilla and Canito. To date, 72 million sucres have been invested for the improvement of potable water service to San Vicente.

Regarding the water project for Manabi, both for irrigation and personal use, the corresponding contract with the [word indistinct] firm for the construction of La Esperanza Dam was signed more than three years ago and it has been disavowed. Only in the last few weeks of the previous period, 3.229 billion sucres of the Rotating Fund were delivered.

For the 1993 budget, my government has earmarked 15.300 billion sucres for the aforementioned project. Of this amount, 4,063 million sucres have been delivered. In addition, a nonrefundable technical assistance program has been signed with Japan to study the complementary diversion of water from Daule-Peripa to Esperanza [rivers] and from Esperanza to Poza Honda [water reservoir].

The main activities of the CDG [expansion unknown] have been the beginning of construction of the first part of the diversion of water from Daule river to Santa Elena Peninsula. So far 23 percent of these projects have been completed, representing an effective investment of $18.6000 million. This work, which is perhaps one of the most important for the country, had been postponed for eight years. My government decided to make this much desired project a reality.

The indecisive government of Sixto Duran-Ballen made decisions that preceding administration were unable to make. [applause] To achieve this goal, my administration contributed additional financial resources.

Another important decision made by my administration was the contracting for the construction of the much needed Daule-Peripa hydroelectric plant. We have taken steps before the Italian Government to finance this project through the signing of a construction contract for over 56.000 billion sucres. This was a precondition of the credit regulations of the Italian Government, with which we hope to sign the corresponding financing contract next October, if Italian authorities fulfill their part by that date. We have already finalized our paperwork.

During this period, the BEDE included an allotment of 411.808 billion sucres for the agriculture sector. These funds have been used to grant credits totalling 302.211 billion sucres so far for raw materials, agro-industry, and export products. This covers crops on 226,900 hectares.

In addition, projects of [word indistinct] infrastructure and agricultural machinery totalling 27.900 billion sucres were financed. Notwithstanding these figures, we must recognize that it is necessary to expedite the process to adjudicate credits so as to permit an increase in the country's production and obtain greater returns and jobs.

Aware of the fact that today Ecuador registers a high level of air, water, and soil contamination, especially in the largest cities of the country, and that protected and wildlife areas must be respected; aware of the need to prevent soil erosion and protect the ecological wealth, particularly in the Amazon region and the Galapagos Islands, several ministries, government entities, and international organizations have launched intensive programs to protect the environment. We hired companies to conduct cleaning operations at oil wells. We suspended oil exploration in such a delicate region as the Cuyabeno National Park, until measures are taken to prevent its destruction.

We created the Antisano National Park. For the first time ever, we drafted the political history and rain forest strategies, as well as strategies on handling tropical rain forests.

We have established a forestation plan to encourage people to plant tree seedlings. We have been combating illegal fishing and punishing offenders in the Galapagos maritime sanctuaries. In Amazonia, the Armed Forces, and the Education, Agriculture, and Energy Ministries, have implemented extensive forestation and environment-related educational programs. Joint efforts are being made by INEFAM [expansion unknown], CONADE [National Council for Development], and the Foreign Ministry to create an environmental action commission, attached to the president's office, to establish policies and responsibilities with all national institutions and agencies, both state and private. This commission will regulate, coordinate, and take the necessary actions to implement an environment management and protection plan in the country, which should be adequate for the present and the future.

The financial assistance policy implemented by the National Financing Corporation from August 1992 to July 1993 followed the main guidelines that the government had drawn up for the modernization of the country's productive sectors both by consolidating this corporation as a backup bank and by implementing the new overall multisector loan program, which was fully implemented as of May 1993. This program consists of granting discounts through the financial system to all types of projects requiring long-term loans with an option for grace periods.

In the past three months we have granted nearly $15 million to finance the purchase of fixed assets and working capital with resources from the IDB and the National Financing Corporation. We have thereby generated jobs and hard currency that are so necessary for the country. The support provided by the program contributed to the country's agriculture and food production as well as hotel services.

On 2 June we signed with the World Bank a new credit for $75 million. The resources will allow us to continue with the successful multisectoral credit program.

Complying with government policies, the financial corporation has begun an aggressive phase of reducing investments, transferring its participation in various enterprises to the private sector. The main achievements through credits from the corporation can be synthesized in the implementation or expansion of projects with a total investment of almost 260 billion sucres, and will make possible the creation of many jobs, the consumption of raw material produced in Ecuador worth 100 billion sucres, and will generate foreign exchange of 79 billion sucres. This is one of our tools to encourage production, which has been demanded so much, which in fact we have implemented.

Two fundamental policies have guided the actions taken by the Industry, Commerce, Integration, and Fisheries Ministry. One of them has been the inclusion of the industrial sector in the framework of the internationalization of the economy to efficiently and competitively face the international market.

To this end, the government supported industrial reconversion and reorganization through technical assistance programs, efforts to improve overall quality, and the inclusion of new technologies and processes.

Another issue was total cooperation with the private sector to expand and diversify Ecuador's exportable production and to increase the competitiveness of our traditional and nontraditional products. However, as long as Congress fails to pass the state modernization law, these policies cannot be fully developed.

Our markets have expanded considerably. As a result of the trip I made to Colombia in July as president-elect, accompanied by several of my then future cabinet ministers, in the first week of October our borders with that country were opened, and on 14 November 1992 a bilateral agreement was signed between Ecuador and Peru whereby both countries would reciprocally deregulate 492 products. We are currently discussing the expansion of the scope of this agreement.

On 5 February 1993 Ecuador opened the free trade zone for imports from Colombia, Bolivia, and Venezuela. All of this is the result of a substantial increase in our exchanges with those two countries, especially with Colombia, and the establishment of an impressive network of relations within the business sector. Ecuador is placing products on these markets which had never been exported, such as vehicles assembled in the country, beer, flour and craft paper, which is significantly increasing job openings. We have just entered a market of 100 million people, and to take advantage of this requires a total elimination of import taxes, transportation, and an alert customs sector for which, messrs. legislators, we will require approval of the customs law which the Executive Branch has sent to Congress.

On a medium-term basis, we need to coordinate commercial policies and mechanisms such as sanitary registration procedures, technical norms, industrial property; all fields in which we will act firmly.

We have extended agreements signed with Brazil, Chile, Mexico, and Paraguay, with which we have agreed to sign complementary economic agreements. We are also working with Uruguay toward creating a preferential zone that will encompass all duties—all this, within the government policy of increasing trade relations with Latin American countries. [applause] This policy also includes Central American and Caribbean countries, with which we must seek greater rapprochement.

The government decided to join GATT, and presented the respective request. With the understanding that integration must be handled with pragmatism and that the private sector should participate in its implementation, my government decided to entrust that sector with a commitment to achieve an agreement with their Andean counterparts to consolidate the approval of common tariffs. The Ministry of Industries has played an important role in this process as spokesman for the nation's national interests. In March, the Cartagena Accord Commission approved Resolution 335, which determined the guidelines for common tariffs, based on level of 5, 10, 15, and 20 percent. In that manner, member countries must adjust their domestic tariffs, which should meet those levels no later than 31 December 1993, when they will be fully implemented. The approval of this instrument is fundamental for the consolidation of the Andean customs unity.

The program to promote productivity and total quality and the strengthening of the industrial equipment of small industry has been supported. The same has been done to protect handcrafted products, which are so valuable for us.

The preservation of fishing resources has been a constant concern of the government. This has resulted in the implementation of control measures, such as closed fishing seasons and campaigns aimed at making rational use of resources.

The Deputy Secretary's Office for Fisheries has filed over 200 lawsuits for different violations of the fishing legislation. All actions within this portfolio, as well as many others, have been made taking into consideration the need to cut the size of the state and make the ministry the coordinating agency of production activities. An example of this determination is the installation of the Ministry of Industry, Commerce, and Integration in the building housing the Ministry of Agriculture, thereby reducing personnel and administrative expenses.

We have accomplished in the Ministry of Industry, Commerce, and Integration in a short time what other presidents thought about doing for decades, without daring to face the real challenge of opening. The so-called vacant president has indeed been working. [applause]

The Energy and Mines Ministry has implemented strict controls to preserve hydrocarbon reserves and guarantee technically correct exploitation. As of 31 December 1992, the National Hydrocarbons Directorate updated the country's remaining reserves establishing them at about 3 billion barrels of petroleum. We must rationalize the exploitation of this nonrenewable resource through the establishment of production ceilings for each field. Petroleum production during the first year of my administration was an average of 122,000 barrels per day and an average of.... excuse me, I meant to say production of 122 million barrels and a daily average of 330,000 barrels. This represents a daily increase of about 17,000 barrels as of this date. This volume surpassed the figure reached between August 1991 and August 1992 by (?5.8) percent. This increase was due to the optimization works carried out by the Ecuadoran State Petroleum Enterprise and the incorporation of two fields discovered by Occidental and [name indistinct].

An intense geophysical activity has been conducted in the Amazon region, covering approximately 5,652 km of seismic lines [lineas sismicas]. In addition, two exploration wells were drilled, namely the (?Ishpingo I) and (?Tambo Cocha). This has permitted us to increase reserves by 460 million barrels in the area of (Pena Cocha) and Tiputini.

The construction and definite installation of the additional station in the Frontera Field permitted us to obtain an additional daily average output of 1,370 barrels. Concerning the production of oil by-products, it totalled 44,460 barrels per day.

Within the service contracts for the exploration and exploitation of hydrocarbons, there are seven contracts currently in effect. They were signed with such companies as Maxus, Occidental, [name indistinct], Orix, Arco, and [name indistinct], which operate in the Amazon region and with Tripetrol, which operates on the coast. Currently, the oil fields run by Orix and Tripetrol are in a production phase. In April, Occidental was authorized to produce 15,000 barrels.

The development of Bloc 16, granted to the Maxus Company, represents an investment of $880 million that in February 1994 will produce 15,000 barrels of petroleum per day.

The hydrocarbons and the environment directorates are watching to make sure that the Maxus Company heeds the strictest norms for environmental protection, decreasing deforestation, drilling wells in groups, burying the pipelines, and crossing rivers under their beds, among others.

Through the aforementioned directorates, my government has also protected the archaeological discoveries in the Amazon region.

Tomorrow, a friendship and cooperation agreement between the (?Waorani) people and the Maxus Company will be signed. This shows our sensibility and concern for the respect we owe to the indigenous communities, their culture and surroundings. Tomorrow, when I go visit the likely route to Puerto Rodriguez, we will have the pleasure of verifying this ceremony of great importance, as well as, how the road is being built with all the necessary ecological protection.

This year, 37.4 million barrels of petroleum derivatives were sold on the national market, which generated income of approximately 1.6 billion sucres. We transported 44.9 million barrels of petroleum derivatives through the operating multi-use pipelines and the transportation [of oil and derivatives] through the Trans-Andean pipeline has meant 3.2 billion sucres worth of income to the State.

Furthermore, the following projects were carried out: Increasing the storage capacity at the Esmeraldas end of the Esmeraldas-Quito multi-use pipeline, increasing the storage capacity in the Balao-Lago Agrio [pipeline], and increasing the capacity of that pipeline to 400,000 barrels per day.

The total disbursements of Petro-Comercial [not further identified] in the execution of investment projects between August 1992 and July 1993 amounted to 22.169 billion sucres.

International trade has been handled through long-term contracts and has generated an income of approximately $1.225 billion. The policy for the diversification of markets has been maintained and, besides, 6.7 million barrels of fuel oil [preceding two words in English] were exported, thus generating an income of $95 million.

Last May, the contract was signed for the undertaking of the basic engineering works for the expansion of the refinery in Esmeraldas, in order to adapt it to process heavy crude and guarantee the self-supply of light derivatives until the year 2000.

The offers for the expansion of the Amazonas Refinery were reviewed. This work will allow us to provide the necessary diluting substances for the transportation of the heavy crude and the fuels to the Maxus and Occidental companies.

Currently the country is preparing for the summons to a seventh round of proposals for the exploration of new paths. In fact, the minister of that branch promoted that round of proposals in the United States and several Asian countries in recent weeks.

My government's mining policy is aimed at the efficient utilization of mineral resources with the firm purpose of incorporating this industry into the economy's formal sector, within a plan that may imply a stable atmosphere with safety and respect for the law and a fair distribution [of profit] between the State and the investors.

To develop mining, the integrated system of official mining land registry [sistema integrado de catastro minero] was implemented, thus, considerably reducing the time needed to complete the paperwork—between four and six months—which is now completed in a few days.

The investigations of the CODEGEM [expansion unknown] have allowed us to locate approximately 400 traces and dozens of mineral deposits. [filing to resume at 1200 GMT on 17 August]

[Text] Geological and mining research is the basis for the development of large programs planned with the technical and economic cooperation of the governments of the United Kingdom, Germany, Italy, Japan, and Belgium. The effective control of mining activities has permitted improved collection of taxes generated from royalties, patents, and marketing licenses, giving relative economic self-sufficiency to DINAMI [expansion unknown].

The Japanese Government is in the final phase of copper exploration in Junin. Since this will be one of the country's richest deposits, we have begun to build a highway to develop this area.

In my government, we have begun technical and rational actions that will help examine and reorganize the exploitation of gold deposits, particularly in the Nambija sector.

To this end, we conducted a census that established the exact number of people engaged in this activity, directly or indirectly. The continuous assistance of experts from DINAMI and CODEGEM has permitted the training needed for the technical exploitation of mines without affecting the environment.

The Ecuadoran state has strengthened and supported legally registered organizations that abide by the current mining law. These are organizations that carry out mining activities in the area.

My government, within a short time, will try to resolve, once and for all, the problem of trying to gain access to Nambija District. We have started a program to resettle miners and their families in San Carlos, a safer place with basic services which will allow miners to live a more dignified life.

With regard to electrification, a responsibility of INECEL [Ecuadoran Institute of Electrification], we have sought to strengthen the country's interconnected system by conducting studies, drafting designs, and building electrical generation projects, as well as transmissions systems established in the master electrification plan. This plan includes the Paute-Masar, Toachi, San Francisco, and Abitagua projects. They will be presented gradually to friendly organizations and governments for financial backing. All of them cost more than the Ecuadoran state can afford. The transmission system includes Phase C, with the construction of 500 km of lines to carry energy to regional systems.

On 10 August 1992 I told you that Ecuadoran foreign policy would be framed by openness, that I would seek to establish the tightest relations with all countries and international organizations. I talked to you about the most important point of the topics on the Ecuadoran international agenda, that is, the territorial problem with Peru, because the hope of obtaining a sovereign and territorial access to the Amazon River is permanently alive in the conscience of the Ecuadoran people, as I have said on several occasions. I must inform you that dialogue with our neighbor to the south constitutes a permanent concern for me, and thus, I have promoted it in my personal contacts with the president of Peru, Engineer Alberto Fujimori, not only in Ecuador, but when we met abroad.

During these contacts and during contacts between the foreign ministers of both countries, efforts have been made to shorten the path in finding a fair, realistic, and definite solution to our problem.

The current Ecuadoran-Peruvian dialogue is a process with deep historic consequences. It establishes the need to pledge resolve by both sides in a frank, imaginative, and consistent way to boost authentic understanding. It is not an easy task because more than 160 years of suspicion, mistrust, and even clashes have left in the peoples of Ecuador and Peru conflicting feelings and ideas that we must slowly but surely overcome to give way to new fruitful stages of cooperation and solidarity.

My government will continue to encourage a dialogue with Peru and will continue seeking all participation and initiatives that may contribute to enrich the dialogue. I hope to travel to Peru at the proper moment, and not once, but several times—as many times as needed. [applause] [repeats] As many times as needed—just as I anticipated in my 10 August speech.

The country's domestic development demands a proper projection overseas. When I took office I decided to seek better and larger markets for our products, to diversify our exports, and to receive fair treatment in trade. This is why I gave the Ecuadoran foreign service a new role aimed at boosting the dynamic and modern work of our diplomatic and consular representations abroad. Commercial attaches [consejerias comerciales] have been eliminated in a true effort to reduce the government's payroll and to attain efficiency and benefits. These posts duplicated the work of embassies and consulates, whose work is to serve as our country's sponsors abroad. Private enterprise also has the duty to assume its responsibility in promoting foreign trade. Now, both the public and private sectors have begun a joint task: to enliven our exports, to seek new markets, and to sell new products. With this in mind we will very soon have Ecuadoran export promotional centers in strategic places, and the cost of these centers will be shared with the private sector.

During my tenure, Ecuador's voice has been heard in several forums—international political and economic forums. In September 1992, very soon after taking office, I attended the 47th UN General Assembly's ordinary session, thereby testifying to the UN's principles and projections. In December, I attended the Rio Group's sixth presidential summit in Buenos Aires. I recently took part in the Third Conference of Heads of State of the Ibero-American Countries in Salvador, Bahia. During these meetings in 1993, and during the frank and open meetings that I held with my colleagues with whom I have direct contact, I realized that national development must basically rest on our own efforts to reach intended goals.

Despite the fact that my government originally backed the candidacy of Costa Rica's foreign minister as OAS secretary general, the Ecuadoran Government has decided to follow a significant trend in opinion and decided to support the candidacy of former Ecuadoran President Rodriguez Borja to this high international post. The Ecuadoran Foreign Ministry is taking the necessary steps in favor of this candidacy.

My foreign policy has been clear, effective, and sovereign.

The Armed Forces have accomplished important activities in their incessant drive to attain professionalization. They have rendered significant support to the community through direct action and in cooperation with other government institutions. Their noteworthy and exemplary aid to several Indian communities must be highlighted, because they gave them agricultural and handicraft training; improved their health conditions; implemented reforestation programs; and helped them build and repair roads, irrigation channels, and other basic infrastructural works.

The Armed Forces also have actively and readily cooperated to construct roads in other areas, including the road from Calacali to La Independencia, the one from San Vicente to Pedernales, as well as several roads of interest and importance for the petroleum industry and the security of the pipeline. We must also underline the important effort made by the military institution to train our youth with effective programs carried out at universities, institutes, and schools.

In the area of interior security, the Armed Forces have sent troops to stop disruptions of public order, and they have acted prudently at demonstrations and strikes and effectively confronted the criminal wave that threatened private property, free and peaceful transit between provinces, and the development of productive activities such as shrimp breeding and [words indistinct].

We wish to highlight the Armed Forces' clear and tough actions in the struggle against drug trafficking. Their effective and permanent patrol of national territory has acted as a deterrent in the planting and growing of narcotic plants and has repelled raids by guerrilla groups throughout our border areas.

When I refer to this noble institution I must, once again, regret the irreparable loss suffered with the passing away of General Carlo Magno Andrade and other distinguished officers. The fatherland is grateful for their invaluable services and unyielding loyalty.

Their respect for the Constitution, their openness to modernization, and their austere budget clearly disclose a totally professional Armed Forces that is well aware of the challenges and benefits of living in a democracy. Serving as their commander in chief has constituted one of my greatest pleasures and one of my most serious responsibilities. [applause]

At the start of my administration, I decided to give the Ecuadoran Aviation Co. another chance because it was one of the first companies to show a willingness to adjust, reorganize, and rationalize itself. Both company management and the government had to carry out joint actions to rehabilitate the company. After learning of the company's critical economic, financial, and administrative situation, we saw the need to convert it into a joint enterprise and, if necessary, totally privatize it at a later date.

The situation got worse because of the legal action undertaken by the (?Airbus) consortium at the end of March. The action prompted the recall of A-310 and A-300 aircraft, forcing the Ecuadoran Aviation Co. to operate with only one aircraft, the DC-10. The airline had to request aid from (TAME), which is renting two of its 727-200 aircraft to enable Ecuadoran Aviation to service its routes. This is why I created a mixed committee and tasked it with presenting technical alternatives on how to resolve the situation.

The committee concluded that it was better to create a new company, Ecuatoriana de Aviacion Inc., which would be associated with the current company and the National Financial Corp.

I must explain here that it is not that we have changed the legal structure of the existing company. According to law, the company and the corporation have contributed to the creation of an additional parallel company. In the short term, this company will be privatized and the majority of its stock will be sold off to private shareholders through mechanisms that give access to all Ecuadorans inside and outside the nation.

The work done by the current state company is aimed at trimming and streamlining the operation to allow it to be transferred to the new company. We are thereby trying to assist not only a very efficient and profitable airline, but we want to promote the modernization process because this is one of the government's first privatizations.

In turn, we are concluding a complex process that has become even more difficult for the simple reason that, once again, I refused to follow the traditional formula of injecting resources from Ecuadoran taxpayers without the slightest possibility of recovering those resources.

In view of the unavoidable tensions, the adjustment process would engender tensions irresponsibly evaded by various governments, the Ecuadoran Government has taken the initiative of opening a sincere and frank dialogue with mass organizations to enable us to explain our programs and objectives. Thanks to this openness and to our firm but prudent decisions, we were able to overcome, without confrontation or trauma, certain strikes and work stoppages that were aimed at creating unrest and disorder throughout the country.

In this regard, and despite the numerous threats received, we commemorated the 500th anniversary of the discovery of America without disturbances or violence. We maintained that a multicultural country has a single nationality, the Ecuadoran nationality. [applause]

As for relations with the National Congress, the Government Ministry carefully respected the independence of the two branches of government and was able to reach agreements exclusively based on objectives and programs, agreements that will ensure a fruitful relationship and could eliminate threats of a power struggle and avoid the traditional confrontation which has brought so much harm and injury to our land.

The climate of understanding and mutual respect created by the executive branch and supported by the statement made by the president will allow us, as it already has allowed us, to work together in the future. It allowed for the approval and enactment of reforms of special importance in the past few months, of which we may include the reform of the political constitution, which is designed to improve the duties of the Judicial Branch. The Congress was quite receptive to several initiatives presented by the Executive Branch, and with its approval we began laying the groundwork for a new society. Among the most important we should mention the budget law for the public sector, the law creating resources to handle the emergency situation in Azuay and Canar, and the stock market law.

The state's modernization and structural reform involves enormous and ambitious legislative work. Yes, indeed. In fact, aside from the bills on modernization and the national customs service, which have been presented for approval to the Congress, the national government has drafted several bills containing regulations that are essential to state reorganization.

Among these are a new electrification law; a new hydrocarbons law; a new municipal regime law; a financial institutions law; a monetary regime law; a new telecommunications law; a tax reform law; a salary standardization law; an antitrust law; an agricultural law; a Development Bank law, which will make the bank more efficient; reforms to the Tourism Law, which are based on the new concept I told you about; a mining law that will actually attract local and foreign investment; and the much needed public bid law, which, currently, despite its goal of protecting bids, leads to abuses and delays in all operations in the country. Yes, the Public Bid Law must be reformed; it must follow a modern criterion. It will be among the first laws I will send to you, honorable legislators.

Other bills the government drafted include the basic law on financial administration and control, which is essential at a time of [words indistinct], and the law that will reform the administrative regime to make it more efficient. These laws, to mention just a few, are the most important ones, Messrs. legislators.

This colossal reform effort deserves the support of all [word indistinct]. This is why I urge [words indistinct], Mr. President, the honorable legislators to do their best to debate and approve these regulations as soon as possible. The country demands the immediate debate of these laws. The country demands efficiency.

I am certain—and, Mr. President, your words moments ago demonstrated this—that we fully share a historic responsibility: modernization based on dialogue and mutual understanding. As part of our permanent attitude to remain open to the various organizations, we have maintained important contacts with representatives of the transportation sector. We will achieve important changes in the structure of public transportation that will meet the demands of development and of a modern society.

Among other actions, we have promoted the barter of bananas for modern transportation units. We have diversified methods of transportation in keeping with the economic capabilities of users while trying to avoid affecting [words indistinct].

The National Police have displayed very intense and efficient work in controlling drug trafficking and detouring base chemicals. Despite financial and institutional limitations, the police have successfully completed several operations and dismantled several large criminal organizations. My government will give full support to the police in their struggle against drug trafficking and to preserve order and harmony within our society. All these actions will take place within a framework of unrestricted respect for human rights, as we have been doing up until now.

Beginning on 3 September 1992, the government launched an economic program whose basic goals are to promote stability and bring about sustained growth, which is the sole basis that will allow us to ensure the people's well-being and to find a solution to the drama of poverty in our country.

Poverty has been mentioned here within the past few hours. My government has not caused poverty. It inherited poverty, and it is attempting to control and reduce it.

The key pillars of my government program are the measures to counter inflation and to strengthen the foreign sector. We have restored balance in our public finances, and our fiscal discipline, together with our monetary and exchange policies, has produced the necessary harmony for a [word indistinct] of stability and tranquility. We have attacked the government practice of incurring excessive foreign and domestic debts to pay normal expenses. All of the measures I have mentioned have been accompanied by newly proposed and approved laws that will pave the way for deep structural changes necessary for the state's modernization.

My government has placed special emphasis on cleaning up public finances. This, honorable legislators, requires that we reduce our deficit, as well as that we reform the institutionalized practice of squandering our resources at all levels. To clean up our public finances we have to maximize the use of public resources in order that our disbursements have overwhelming social value and serve the country's needs in the best way possible. It requires that we eliminate subsidies traditionally given to those who have the most in society—subsidies that are fraudulent because they cause the weight of the deficit, in the form of inflation, to fall on those who have less. All of the adjustments my government is making point in this direction. The result of my government's measures has been to reduce the deficit, which was peaking at 7 percent of GNP, to 2 percent by the end of 1992.

Our country's foreign exchange policy has characteristically been very inflexible. As is well known, this policy has prompted distortions and has been very detrimental to the stability, trust, and the basic principles of our international transactions. My government has very successfully implemented a controlled floating program which has ensured the autonomy of monetary policy with regard to the foreign sector. The program has already produced huge yields in international reserves. It also has resulted in clean and aboveboard transactions and has generated trust in our currency, which is an essential condition for the healthy growth of any economy.

Last June, we regulated the system of [words indistinct] to implement the Constant Value Unit—the UVC. This is a system that has been implemented very successfully in Colombia, Chile, and other countries. This very important tool, which has greatly benefited the savings and investment sectors in these countries, will be a fundamental component of my government in the years to come. We will support the housing sector, as well as other fixed investments, with the UVC. This will allow savers and investors, assured by the stability of our currency and fiscal discipline, to do their utmost to increase jobs within our country.

Despite the La Josefina disaster and the harshness of the past winter, which had a negative but temporary impact on our struggle against inflation, we have managed sizable achievements in managing inflation, and this is the best social compensation any government can provide. [applause] Projections in this field continue to be encouraging. In June and July, inflation registered 1.8 and 1.2 percent, respectively. This clearly shows that the inflationary trend is downward. Therefore, foreign exchange stability and a decline in interest rates are occurring simultaneously. We expect inflation to drop further by the end of August.

I must make special mention of important projects, such as the channeling of the Daule River to the Santa Elena Peninsula, as I mentioned, and the Cuenca-[word indistinct] highway. Why? Because these projects have been funded via the sale of bonds issued in dollar and sucre denominations in both domestic and international markets. This would not have been possible without the atmosphere of confidence and stability created by my government—that same government accused of being nonexistent. [applause]

These are the veiled benefits of the discipline and austerity my government has implemented. Likewise, the country has enjoyed the benefits of the reactivation of international loans which had previously been frozen because domestic financial conditions, fiscal imbalance, and general disorder prevented these funds from coming into the country. The loans the current government has signed with the IDB and the World Bank for power generation, small sector loans, the transit system, and many other social projects throughout the country are an example of this. This renewed confidence has provided the social sector with more than $400 million in loans recently acquired to attend to health, nutrition, and education needs. It has provided funds to support the private sector, the state structural reform program, and the creation of jobs transferred from the government to the private sector, thereby allowing opportunities to be found there and not within the government bureaucracy. [applause]

The country continues its negotiation efforts with all its foreign creditors. We have stated that we are seeking definitive solutions to the debt problem, but under realistic terms. This means that the solutions must be compatible with the government's determination to meet its commitments. Private and governmental creditors alike have moved forward in their negotiations with Ecuador, and we hope Ecuador's international financial normalcy will soon be reestablished. Honorable legislators, I believe that you are well aware of how important this international financial relationship is to Ecuador, as well as how essential it is to seriously and consistently move on with this economic plan and with the state modernization and rationalization plan in an effort to generate foreign investment, bring in foreign capital, prompt the return of Ecuadoran capital, and attract foreign investment.

The economic adjustments we made during the first year of this administration—and made so successfully—must be used to promote investment and the creation of jobs in the production sector, while helping to improve our people's standard of living. The reshaping of the government, the rationalization of public spending, and the efficient use of foreign loans we mentioned earlier are helping us to reach our goal of creating ever greater opportunities for private investment. This, in turn, will contribute to achieving the goal of generating enough goods and services to meet the demands of our community.

Special emphasis will be placed on eliminating administrative obstacles and other kinds of obstacles in the area of taxation that hinder export activities. Part of these are included in the laws you have mentioned, Mr. President. The foreign exchange system, which was ingenious and practical in September and has engendered the controlled fluctuation we now have, will be accompanied by decrees that support exports.

I hope that following the approval of the modernization law and all the legal dispositions which facilitate the process we started, and whose final formalities I will undoubtedly conclude in a few hours, the government will give special emphasis to the privatization process by encouraging foreign investment. The multiplying effect this has on the economy, the flow of economic and technological resources, and the strengthening of economic activities has been proven. All this has repercussions within the social sector. Therefore, I must insist that the recovery of higher growth rates, which is our foremost goal, cannot be achieved without those legal elements that the Republic's National Congress must provide to the country.

I must specifically mention our hope that the UVC will become the element we need in order that large-scale housing plans may be carried out in Ecuador. We hope the housing sector will become part of the economic recovery we are seeking, given the large amount of jobs this will directly and indirectly generate and given that it will strengthen our economy.

Private enterprise's participation in the construction sector should be one of our mutual goals in the future. Nevertheless, this is not the only reason why we have provided the country with this important instrument, which will be handled by the Ecuadoran Housing Bank. The government is also studying uncontrolled financing mechanisms, even those concerning our import quotas, which are many times inconvenient for our housing plans and which undoubtedly obstruct and prevent an increase in the construction industry and the acquisition of [word indistinct] nowadays.

We will decisively continue with the seventh (?phase) of our oil sector plans. We will strive to increase our reserves and we will try to increase our production. The unleaded gasoline production program will receive all the national government's support, not only for its economic benefits but, essentially, out of our concern about the health of Ecuadoran children and—why not say it?—the health of all the country's inhabitants. The state's modernization will be essential in the oil sector to achieve greater efficiency not only in the production phase, but also in the marketing and distribution of oil by-products.

The national government will particularly make sure that subsidies directly reach the most needy, instead of the indiscriminate way in which they have been handled in the past. We also will strive to ensure that the electric sector's modernization allows private investments in the generation, transmission, and distribution of electricity. My efforts also will be aimed at controlling the high percentage of losses in the distribution of energy.

During the second year of my mandate, the country should enjoy the benefits of a sustained economic recovery in a less overinflated atmosphere, a better use of external credit, and rational public expenses. The privatization program will become an essential part in strengthening our economy once the state modernization law is approved. Resources resulting from these processes must be used to resolve problems, such as the transportation problem, and to provide basic services. Modernization and everything it entails will provide opportunities so productive investments increase in the country.

The presidency has specifically instructed the production ministries to study all administrative, tax-related, and other obstacles that affect productive sectors. The elimination of unnecessary legal measures and the administrative reforms that facilitate production will receive priority attention during the (?coming) month. I urge the production sectors to increase their dialogues with government officials in an effort that together we find formulas that bring Ecuador up to par with the international [word indistinct] that prevails today.

These actions will lead to incentives in production and exports, along with other actions that were announced earlier, as well as other elements and mechanisms that we will not mention now in order not to lessen their effectiveness. These will be announced in due course.

We turned back the growing trend of under-employment and unemployment by increasing privatization, as well as by incorporating into the production network those who are leaving the state bureaucratic system with significant payments. An orientation program was even designed for these people to show them how to make effective use of this money. To this we are adding growing public works.

Fellow citizens, there is no recession. One cannot describe as a recession a certain amount of economic slowdown, which is unavoidable when inflation is decreased significantly, and this is what has happened in recent months. We are expecting 2-3 percent growth in the economy in 1993 based on the above-mentioned measures and projections. Under these guidelines, we will move ahead toward economic reactivation.

Legislators: You have listened to the achievements of our first year of government. We have attained these achievements in some cases together with you, such as the approval of the [words indistinct] laws that were necessary to launch this process of change within the appropriate legal framework. These are perhaps the most important achievements of recent decades—achievements such as beginning to organize state accounts in specific organizations. This makes it more agile, functional, and more [words indistinct].

For me, these 12 months have comprised one of the most difficult periods of my life. Yes, it has been difficult to accept that the greatest challenge I had in history was to maintain the determination of establishing a serious government. For me, seriousness has always meant to conduct administrative work according to my conscience without aspiring to false applause. Seriousness has always meant making decisions not in terms of greater or lesser acceptance at the time, but in terms of greater or lesser impact on the future. Seriousness has always meant—as I have always done in the past—to think in terms of the big picture of the future and not in terms of the small particulars of the present.

The implementation of our various economic and administrative measures are evidence of this. I have worked long days, not only worrying about the country's problems, but also searching for solutions. I have not been concerned with personal interests or with recognition from other people. I have been prompted by my conviction to fulfill my duties.

People of Ecuador, and you, their representatives: Have faith, that I will continue to devote myself to the task of [word indistinct] a better Ecuador—an Ecuador in which we can live in peace, harmony, and justice. Nevertheless, I want to reiterate that you must provide the country with the modern juridical instruments that the nation requires for this.

Mr. President: Within the next few weeks, I will send you some of the draft laws I have mentioned in this message. It will be necessary for you to promptly and efficiently process these drafts. I reiterate this once again and appeal for national unity.

Let us all proclaim our love for our fatherland. These are times when we must demonstrate our love for our country. Every man, woman, worker, businessman, student, teacher, civilian, soldier, leader, and every citizen in general can and must strive to agree on what our priorities should be. In addition, all of us must jointly determine what the solutions to our problems are, and we should embark on a path in which we can skillfully, responsibly, and efficiently implement these solutions.

The government will do its utmost to establish a consensus, because this is the best way to progress during times of great crisis; times like now when, in effect, there is a distortion of political forces. To accomplish this objective, I am determined to encourage and delve deeply into a dialogue that will lead to positive results and to establish permanent contact with [words indistinct] in an attempt to retain those things that unite us and discard those that keep us apart.

We cannot deny that there exists a consensus with respect to the need to establish ethical principles, state reforms, democracy, justice, and to struggle against inflation and social injustice. Therefore, it would seem pointless to question the [words indistinct] and efforts to establish mechanisms that will allow us to attain these objectives. It is impossible for Ecuador to still be debating whether or not we should take the path of contemporary history, especially at a time such as now, a time when Latin America and the whole world are decidedly heading down this path, as well as a time at which we run the risk of squandering a great opportunity. I will do my utmost to avoid this, and, in this respect, I have repeatedly proposed a political moratorium.

This moratorium does not necessarily mean, as has been mistakenly interpreted, to put aside criticism against the opposition. Criticism is essential to democracy. I am referring to putting our national objectives before partisan, personal, or economic group interests in order not to waste more valuable time in useless confrontation. Is this asking too much? To return to an earlier question: Do we need a great tragedy, such as the one at La Josefina, or to host an international event to work together?

My actions have proven my total respect for the separation of branches as well as the dignity of all politicians and every type of organization. Therefore, I am entitled to demand some degree of reciprocity, and, at the same time, I deserve this. Nevertheless, let us be clear: I am not asking for cooperation to benefit myself. I am calling for it to benefit our country, the country I was elected to govern. [applause] I want it for the good of the nation. I demand it to create a viable Ecuador, a state free of any ungovernable ghosts, a state that will not fail you or our descendants, our children's children, and future generations.

This is the new path I proposed during my campaign. This is the new path my administration is seeking and which I have clarified here today in the expectation that I will find a patriotic answer. In this way, my fellow citizens, you as well as the government will be able to justify to history that we have taken concrete steps to accomplish the changes we have spoken about on so many occasions.

Honorable legislators: Do not let this be a one-sided effort on your behalf nor mere words on our part. Allow all of this to manifest actions necessary to accomplish our objectives in the least amount of time possible. Once again, I believe it is necessary for me to end this national address by imploring God Almighty for our combined efforts in achieving the benefits the Ecuadoran people desire. Allow this to happen, my fellow countrymen. [applause]

Speech Draws Mixed Reaction

PA1908030293 Mexico City NOTIMEX in Spanish 2205 GMT 13 Aug 93

[Text] A report marking the first year of Ecuadoran President Sixto Duran-Ballen's government, delivered on Thursday [12 August]at the National Congress, drew mixed reaction today in political and labor circles.

Information and Tourism Minister Carlos Vera defended Duran-Ballen's performance and said that the presidential speech made clear the "new economic course" and its main guidelines. He said that the president explained the meaning of a political moratorium, "productive" discussions, national unity, and the consensus he seeks on a number of priority issues.

"It was a rather long but also very objective and well-documented speech to prove that there is a social program on its way to achieving its economic goals," a government spokesperson added.

The official optimism was not shared by Edgar Ponce, leader of the United Workers Front (FUT), who used rather harsh terms to describe the first-year performance of the conservative government. "The message constitutes a new deception of the Ecuadoran people. President Duran-Ballen must live in another country because the country he discussed in his 12 August speech was not Ecuador," he emphasized. "We do not understand what country he (the president) talked about because the social achievements he referred to do not exist. We have not noticed the slightest improvement in the living conditions of the Ecuadoran people," he added. Ponce, the alternate president of the FUT, the major labor organization, said "maybe what Duran-Ballen was trying to say was that we could have done well. He does not seem to know that the unemployment rate and the outrageous daily cost of living increases, or about the damage done to the working class, which is growing because there is definitely no social program," stressed Ponce.

Public Administration Secretary General Jose Vicente Maldonado emphasized the economic "achievements" of the first year of government that were "listed and backed by real figures in the report."

The government's main spokesperson described the presidential report as "realistic." It also conveys optimism for the goals achieved in economic matters.

Government Minister Marcelo Santos asserted that this year we worked responsibly and we indeed managed to control inflation while establishing "economic order."

Reactions for or against the administration's work aside, there was a consensus that the message of the Ecuadoran president was too long. The reading of the 61-page document began at 1900 on Thursday and lasted three hours and 15 minutes.

Heinz Moeller, deputy from the rightist Social Christian Party (PSC), which holds a majority in the National Congress (unicameral), said that the presidential message was a blend of "small achievements and long speeches." Liberal Deputy Samuel Bellettini, president of the National Congress, said that the message was "a long summary of a year full of failures, yet filled with good intentions." Social Democratic Legislator Andres Vallejo said that President Duran-Ballen resorted to his bad habit of complaining about a situation he inherited. His report was "a very long and repetitive list of good intentions," added the legislator from the Democratic Left, a party that ruled Ecuador from 1988 to 1992.

Paraguay

Russia To Designate Ambassador to Asuncion

PY1808192593 Asuncion ABC COLOR in Spanish 18 Aug 93 p 8

[Text] After meeting yesterday with President Juan Carlos Wasmosy, Russian special envoy Ian Burliay [name as published] reported that the Russian Government will appoint a concurrent ambassador to our country. Burliay said his government has instructed its diplomatic representatives to give priority attention to developing economic and commercial relations. "We are willing to receive a Paraguayan ambassador," he said. Burliay spoke of the possibility of a system to barter products between the two nations.

The Russian Government representative met with President Wasmosy at the Lopez Palace and later stated that he had handed over a personal letter from Boris Yeltsin. Burliay said that Yeltsin wished success to the Paraguayan president in his government period.

He added that the Russian objective is to "strengthen and expand mutually advantageous relations in all fields."

Burliay added that Russia is ready to name, without any further delay, a concurrent ambassador to Paraguay. He recalled that diplomatic relations were established last year between our two countries and that an agreement was reached to exchange ambassadors, but that such initiative has never been implemented. Burliay expressed optimism that relations at the ambassadorial level will be achieved under our new government.

Burliay said Wasmosy "reacted positively. He is willing."

The Russian envoy stated that ambassadors should act in their respective jurisdictions, giving priority attention to private activities like the stimulation of commercial ties. He spoke of the need to strengthen relations in order to promote preferably commercial exchange plans.

Police Thwart Terrorist's Assassination Plans

PY1808235593 Asuncion NOTICIAS in Spanish 18 Aug 93 pp 18, 19

[Text] The delegations of Latin American presidents accompanied by their retinue that came for the inauguration of the current president were seemingly not the only ones to arrive in Asuncion. A group of terrorists interested in assassinating two Latin American presidents also sneaked in. Police managed to thwart their plans, although they could not arrest them.

The terrorists had concocted a plan to assassinate two South American presidents who visited our country on 14 and 15 August for President Wasmosy's inauguration.

However, their plans were foiled by local security forces after a warning from the Peruvian National Police Intelligence Service to give police protection to President Alberto Fujimori. Subsequent investigations were instrumental in arresting a soldier who might have tried to assassinate [Chilean President] Patricio Aylwin.

Three days prior to Fujimori's arrival in Paraguay, the Peruvian National Intelligence Service reportedly informed Paraguayan police about the presence of an alleged guerrilla gang in Paraguay whose mission was to make an attempt on Fujimori's life.

Paraguay's Intelligence Department quickly investigated all Peruvians who had entered the country in the previous days and the groups that arrived before that.

Distressing information that a man was looking for a weapon and a walkie-talkie to "safeguard" the Chilean president surfaced after police had pinpointed the Peruvians who entered the country recently in their hotels, hostels, and rented homes.

Between 12 and 13 August, the entire Intelligence Department, with the help of Investigative Police personnel, started investigations until they reached the point of being able to capture the alleged security guard.

A man appeared at the "Aguila SRL" private security company saying he had been sent there by the Chilean military attache, someone by the name of Gonzalez. He wanted to borrow a pistol, probably a 9 mm, and a radio.

The man identified himself as Captain Hector Hugo Vazquez Martinez, a security expert, temporarily residing in this capital since 2 December 1987.

Police located him on 14 August as he was leaving his home for the airport. He was arrested and taken to the Intelligence Department.

When asked about this, Intelligence Chief Victor Cogliolo neither confirmed nor denied it. He did, however, confirm that the former military officer Vazquez Martinez had been detained by the institution from 14-16 August but that he had been released after returning the weapon and radio to the security company, and that no charges had been filed against him.

Cogliolo's answer, however, does not match developments because it was leaked that the soldier had been dismissed in 1979 for misbehaving and he entered our country on 4 October 1987. Two months later he was granted a temporary residence permit.

The attack on President Aylwin was scheduled to take place on the president's way to the airport from where he would leave for Chile. It is quite likely that sometime this morning the authorities may disclose more details of this plan and investigations on the people possibly involved in the case.

Foreign Leaders Praise Civilian President

PY1808212093

[Editorial Report] Asuncion ABC COLOR in Spanish on 16 August publishes on page 13 a 250-word unattributed article in which Peruvian President Alberto Fujimori stresses the importance of the assumption of power by a civilian president in Paraguay. He said: "I take it as an important step for this country."

The article adds that when the Peruvian president was asked about the social and economic future of Latin American countries with democratic governments, he said: "They will progress to the extent they are allowed to work."

The same newspaper on 16 August also publishes on page 12 an unattributed 350-word article in which Argentine President Carlos Menem states: "Paraguay now is fully reinstated in the Latin American democratic processes." He made this statement after the inauguration of new civilian President Juan Carlos Wasmosy on 15 August.

The article adds that Menem also praised outgoing Paraguayan President Andres Rodriguez, whom he considered the author of what happened in the country over the past few years.

ABC COLOR on 16 August also publishes on page 12 an unattributed 150-word article in which Brazilian President Itamar Franco praises the assumption of power by a civilian president. He said: "We attended a beautiful celebration of democracy, and Brazil will always be willing to cooperate with the government that assumes today that will be headed by President Wasmosy." The article adds that Franco said that from the democratic point of view, all countries in the area have common problems in the social area that will be solved by greater social justice, especially with the solidarity of the people.

The article quotes Franco: "Only through a democratic process will we resolve all the problems of hunger, misery, and the great social inequalities we find in each of our countries."

The same newspaper again on 16 August on page 13 publishes another 200-word unattributed article in which Chilean President Patricio Aylwin stresses the importance of the democratic process as the basis on which Paraguay must be built to overcome underdevelopment and reach a level of social and economic progress necessary for the times.

The article quotes Aylwin: "It is quite satisfactory to verify that democracy has been consolidated in Paraguay and that this process, similar to what we are living through in Chile, encourages because it shows that social and economic development is not incompatible with democracy in our countries."

Concerning the Armed Forces' role, he said: "In any country living under a state of law, the armed forces have the mission of defending the country's sovereignty, and they are national institutions that are above political party contingencies."

The article adds Aylwin's remarks that Paraguayans should appreciate the end of the military cycle.

Rodriguez Vetoes Repeal of Council Law

PY1808161093 Asuncion ULTIMA HORA in Spanish 16 Aug 93 p 9

[Excerpt] The first "confrontations" between Congress and the Executive Branch began the very first day of the civilian government. While the Chamber of Deputies is getting ready to discuss tomorrow in a plenary session a way to repeal the law on the organization of the Armed Forces, which is supported by the government, one of the last decrees signed by President Andres Rodriguez was learned about this morning. Rodriguez decided to veto the law repealing the law on the Council of Magistrates with this decree.

The said decree, signed 13 August, was expected in congressional circles. No one thought, however, that Rodriguez would sign it, rather they thought that the veto responsibility would be left in the hands of President Wasmosy. He was, however, "saved" from having to begin his government with such a bad action, which would antagonize Congress.

The decree states that it was issued to "clear up political responsibilities emerging from the situation that has been created." It argues the nonexistence of an alternative law regulating the functioning of the Council of Magistrates. [passage omitted]

Army Commander Says Armed Forces 'Quiet'

PY1808201293 Asuncion ULTIMA HORA in Spanish 17 Aug 93 p 2

[Text] Army Commander General Pedro Concepcion Ocampos this morning told a local radio station that the people may rest completely assured that absolute calm and quiet reigns within the Armed Forces, awaiting better times for our country.

Ocampos indicated that although the deputies have ignored [President Juan Carlos] Wasmosy's petition to wait for some time before abolishing Law No. 216/93 on the Armed Forces General Organization, this will not arouse resentment within the Armed Forces.

He explained that the process will require a given time, a process that the defense minister will take into account. The Army commander emphasized: "We trust that a harmonious, fair, and even solution will be found. Spirits are absolutely calm. There is no agitation and we remain fully confident."

The Army commander also noted that, so far, there is no indication if the president of the Republic has issued guidelines for the military through the Military Forces Command, which is the Armed Forces representative before the commander in chief's office.

Gen. Ocampos said he approves of the confirmation of the Military Forces Command figure because there is a need for a superior commander who knows the trade and to whom they may resort for advice or receive orders issued by the commander in chief. He said: "We need such a figure. Only those involved in this trade can feel it."

Gen. Ocampos also emphasized that if this were not the case, the essential authority required for their normal activities could become somewhat deviated. He added: "The Armed Forces always needs a head to ponder on our activities."

Concerning the differences between a Joint General Staff and the Military Forces Command, Gen. Ocampos pointed out that the former is an advisory body charged with advising and planning activities while the latter is a commander who makes decisions through his organizations.

Gen. Ocampos emphasized: "The commander in chief actually commands the Armed Forces, but the orders are fully implemented through this echelon, following the order of the commander in chief."

Peru

Armed Forces Commander Interviewed

PY1808222293 Lima LA REPUBLICA in Spanish 28 Jul 93 pp 9-12

[A transcription of the "complete text" published in the SEMANA A SEMANA magazine on 13 June of an interview with Army General Nicolas de Bari Hermoza Rios, Armed Forces Joint Command president and Army general commander, by unidentified reporter at his office in Lima; date not given]

[Excerpts] [LA REPUBLICA] General Hermoza, what is the significance of the day on which the recruits will swear loyalty to the flag this year?

[Hermoza] A very special one. Today we are in a different stage of the mission to pacify the country. After 10 years, the Armed Forces, which includes the Army, are totally involved in an essential task commissioned by the government. They are intimately involved in the most important political goal established by the president in his government plan: To pacify the country.

For 12 years our people have suffered a tragedy but this year it will change, we will move to a new path in the pacification process.

[LA REPUBLICA] How does the Army help the population in the pacification process?

[Hermoza] I think the strategy planned by the president of the Republic is new. It is a Peruvian solution to a Peruvian problem.

The subversive processes in other countries may have similar characteristics but the options implemented by President Alberto Fujimori to decisively confront the problem, under his political leadership, have defined an overall plan for pacification within the new legislation that is intimately supported by the civilian and peasant population.

[LA REPUBLICA] What about the dragnet operations?

[Hermoza] Journalists have labelled a new yet simple operation; dragnet. The entire area is cordoned off first. Then houses are individually inspected and small actions are carried out, such as registration, vigilance, etc. This is different from the past when we implemented saturation patrolling, blockades, curfews, etc. That system was not efficient. It involved the excessive use of personnel, means, and resources. The results were not satisfactory.

[LA REPUBLICA] How did the idea develop?

[Hermoza] Last year we met at the Joint Command Internal Front Operative Command with the Second Military Region commander and the commanders of the main units in Lima and we analyzed ways to locate terrorist elements.

We defined a map of the capital, the townships, and we divided Lima and listed areas where we could implement that type of operation. It has yielded excellent results. What is essential is that the population not only accepts these operations, they support them and are grateful for them. The operations end with a civic action of food distribution, but what the people feel the most is that their Armed Forces and forces of order are entering their areas without abuse, in the presence of judges and with due respect, to protect them.

[LA REPUBLICA] What is your experience of the presence of soldiers in these operations?

[Hermoza] I have personally participated in many of these operations and I have been impressed by the way soldiers enter houses, with a lot of respect. They are welcomed with clear demonstrations of gratitude.

We have never received any complaints because there has not been any abuse, despite the fact that the operations are carried out very early in the morning, which naturally bothers people.

[LA REPUBLICA] How many people do you usually arrest?

[Hermoza] We arrest about 100 people without documents in each dragnet operation. Many of them are sought by the police or are presumed terrorist criminals. These cases are investigated according to the law. The same thing happens with common criminals, who are even more numerous than terrorists.

This persecution of terrorists has been effective and we have decided to extend its application to other cities in the country.

[LA REPUBLICA] And in the countryside ...?

[Hermoza] The activities of the peasant defense patrols demonstrate an interesting aspects of this strategy. The president personally supports and encourages the organization of the patrols. This goes back to 1991 when the president gave weapons to several peasant defense patrols in Chapicoccha.

At first there was doubt, not just about the effectiveness but of the purpose of the patrols. They could have slipped from under the control of the Armed Forces, but this did not happen. This can be explained because a patrol is a group organized spontaneously in the towns as an answer to security needs in coordination with the units of the Armed Forces deployed in the territory.

During the latest congress held by the peasant defense patrols in the northeast in Satipo, a desire to incorporate the patrols into the National Defense System was expresssd. I believe it is possible to study this proposal based on the mandatory military service law, considering the patrols at the level of military service or civil defense.

[LA REPUBLICA] What is the experience on the conduct of the repentant terrorists who surrendered to the Army?

[Hermoza] The articles that regulate the law of mandatory military service for repentant terrorists, who surrender and register legally before the prosecutors expressing their desire to cooperate voluntarily with the security forces, normally with the Army, are not ready yet. The repentant terrorists must identify sites where terrorists that use soldiers' uniforms have their base. They are practically doing their military service while proving that they are really repentant and want to cooperate. We keep them in a separate place where they are respected, taken care of, given medical attention and what they need.

[LA REPUBLICA] Have terrorists infiltrated the Army?

[Hermoza] Definitely. The security forces cannot deny this. Fortunately the quantity is not great enough to cause concern but we are not exempted from it. Since 1991 there have been isolated cases in the areas of Mantaro, and Ayacucho, and recently in the Huallaga region, in the jungle area, the 5th Military Region, and specially in Puno. The situation in Puno is serious because we discovered five infiltrated terrorists.

In these cases, action is always taken in accordance with the law. Once arrested, they are interrogated and handed over to the police forces in the presence of a prosecutor. They are then handed over to a judge in charge of the case. They are then discharged, immediately expelled, and placed in the hands of the law.

[LA REPUBLICA] What about cases relating to human rights violations?

[Hermoza] The defense minister in his report to Congress said there are more than 30 cases, especially isolated cases from the 1970's.

[LA REPUBLICA] Does the Army fight drug trafficking or are the National Police alone in it?

[Hermoza] We are involved because this is a very large problem that affects humanity because of the scourge and corruption in the world. It also affects the problem of poverty among peasants.

The Air Force is in charge of controlling and watching the airports and airfields in the Huallaga front. The Joint Command directs the operations. Last March, we released guidelines, which will coordinate actions against narcoterrorism and trafficking under a single command. Like this, for example, operations in the Huallaga region will be commanded, supervised, and coordinated by General Bellido, commander of the Huallaga Front.

I visited Hullaga and ordered that elements of the combined forces be deployed at five airfields, some clandestine and others not. We deployed combined elements of the Police, Air Force, and Army in Bellavista, Saposoa, Capanilla .... It was also ordered that no plane could land after 1800.

This control, in addition to the presence of a U.S. radar installation in Yurimaguas and the airplanes of the U.S. Southern Command on permanent alert, have helped us implement follow-up and interdiction operations and to capture and even shoot down planes.

Drug traffickers are now moving to other places. This type of problem is increasing and this is why we are forced to increase our operations against them.

[LA REPUBLICA] Have Armed Forces members been found guilty of corruption on account of drug trafficking?

[Hermoza] Yes they have. We act so fast that sometimes the public does not learn about it. As soon as we learn of a corruption case, we order a thorough investigation at three levels in the Inspector General's office. The result of the investigation leads to an administrative action to see whether the involved officer must be discharged and then charges are filed against him before a military court, which in turn processes him. If it is a case of drug trafficking, he may be tried by a civilian court.

[LA REPUBLICA] What do you think of the low wages of the Armed Forces members?

[Hermoza] I must point out two things. First, I must recognize that the economic situation of the Armed Forces members, who must bear the weight of the struggle against terrorism, is in a harsh crisis. We cannot deny this. This must be, and in fact is being, considered by the government. I hope that soon we will offer a dignified salary for our families and for the men who are fighting to defend society.

Second, we are fighting with a mystique, a morale, and a unity that contradicts those who think that there is no unity in the Armed Forces.

[LA REPUBLICA] President Fujimori told SEMANA A SEMANA magazine that not a single tank has been purchased...

[Hermoza] Correct. Not one tank has been bought. The current world reality and the need to develop our country demands that most of our resources be spent in the Peruvian pacification and development process.

The Armed Forces must maintain an adequate level of forces and the government is doing its part to maintain the current level. We are not overlooking this aspect in guaranteeing our national sovereignty, a factor with which we must all be concerned. The fact of having participated in this internal war for more than 10 years is an important factor that keeps us updated.

[LA REPUBLICA] Have Peruvian and Ecuadoran Armed Forces come closer lately?

[Hermoza] Relations with Ecuador have improved on account of the effort by President Fujimori. From this point of view, there has also been a rapprochement between the Peruvian and Ecuadoran Armed Forces. Relations at the military level are as good as they have always been for many years.

We hold bilateral intelligence conferences not only at the level of the divisions that are stationed on the border areas, but also at an Army level. This annual exchange serves as a dialogue to seek new measures of confidence.

President Fujimori's suggestion to hold bilateral meetings at the level of high military command have yet not taken place. We have carried out something similar with Chile for the past eight years. We are starting with Bolivia now and we will probably start with Brazil soon.

The result has been very positive. I have had the opportunity to participate in two meetings. The High Command meetings, at Chief of Staff level, are mainly meant to establish measures of confidence among military institutions and they have yielded excellent results. The establishment of individual relations allows us to know each other better and to distrust each other less. [passage omitted]

[LA REPUBLICA] General, have you never thought of staging a coup d'etat?

[Hermoza] I do not think I ever will. I do not even consider it a possibility.

[LA REPUBLICA] Do you think there is any danger of a military coup?

[Hermoza] No, not at all. The objective of the Armed Forces and of the forces of order is to pacify the country. It is a job to be done by all sectors, by all domains, as we call it.

From the military field we are helping to consolidate the democratic process. No modern military man even considers an interruption of democratic life.

[LA REPUBLICA] Do you feel democratic?

[Hermoza] Yes, a democrat and a constitutionalist.

[LA REPUBLICA] How are relations with the defense minister?

[Hermoza] Good. He is from my graduating class. He attends to the political, administrative, and budget of the Armed Forces.

[LA REPUBLICA] What do you think of the commentary that there are political and institutional officers?

[Hermoza] It is a lie. This is linked to those who claim that there is unity within the Armed Forces. [sentence as published]

We are engaged in an internal war. How was this internal war waged in the 1980's? What did the forces of order do and what was done by the political sector that waged this war?

The results speak for themselves: A tragedy of death, priests, industrialists, authorities, peasants, and millions of dollars in infrastructure losses.

Until 1992, political analysts and experts on Shining Path activities said, in all journalistic programs, that the Shining Path was reaching strategic equilibrium, that there was no possibility of winning the war. The result was a cut in investments. This means that in more than 10 years, those responsible for waging the war were definitively losing it, considering the cost involved. We should not forget that Lima was in chaos until the middle of 1992. Not only uneasiness but terror also prevailed following the car-bombing of Tarata, Channel Two, the Civic Center, etc.

And what is happening now? The government has personally waged this war, the forces of order have fought with fervor and devotion in very difficult economic conditions. We are winning. Is there unity in waging this war in a decisive manner? There is total unity!

[LA REPUBLICA] Some people criticize the fact that the post of president of the Joint Command is no longer rotated on an annual basis as was traditionally done. Why the change?

[Hermoza] I believe this is a political decision. But this is precisely the reason why we are winning the war.

Current legislation states that the post of commander general and the post of president of the Joint Command must be filled by men who enjoy the president's confidence. [passage omitted]

[LA REPUBLICA] What role did General Valdivia [Division General Jose Valdivia Duenas, currently the Peruvian Military Attache in Washington] play on 13 November? [13 Novermber 1992, date of attempted military coup in Peru]

[Hermoza] He was my second-in-command, the chief of staff in the Armed Forces Joint Command. I called him two or three times but he was not home. Yet there is nothing against him.

[LA REPUBLICA] Why was he sent to Ukraine?

[Hermoza] Because when Ukraine split from Russia, the weapons' factories remained in Ukraine and we still need a flow of spare parts for our tanks, our Antonov planes, and our helicopters. Ukraine now has the importance that Moscow had for these negotiations in the past. We need a man to expedite this supply.

[LA REPUBLICA] Is it not a desert?

[Hermoza] It is a military function. Apparently some people want to drive wedges between Armed Forces' members and the members of the forces of order. They speculate because they do not understand military functions.

[LA REPUBLICA] Incidentally, do Russian weapons have guaranteed spares?

[Hermoza] Yes, because Ukraine factories are operating like private enterprises and the supply flow has not been discontinued. Obviously, like any other enterprise, they need some time to rearrange things but in the final analysis, we could have the same problem with Italy or France: The lag time for the supply of spares.

[LA REPUBLICA] Do Armed Forces members continue to be involved in abuses?

[Hermoza] There are isolated cases from the 1970's. The minister mentioned more than 30 cases in Congress. This year we had one case in Uranmarca. Those responsible were reported, arrested, dismissed, and tried by the military courts. [passage omitted]

[LA REPUBLICA] How will the investigation of the La Cantuta case [investigation into the abduction and killing of nine university students] end?

[Hermoza] I cannot predict anything because the Supreme Military Court is making considerable progress in the investigation. I think they will find the truth in this case. There has been no interference. It is a pity to have to say that this case has been manipulated politically.

[LA REPUBLICA] The president of the Republic first spoke of defeating the MRTA [Tupac Amaru Revolutionary Movement] and then the Shining Path...

[Hermoza] The MRTA organization is more directly based on its military units, which are practically guerrilla units. They encourage the guerrillas while carrying out selective actions of terrorism and sabotage.... We expect to liquidate the MRTA first, not just because of the results we have obtained with the arrest of 95 percent of its leaders, but also because of other recent strong blows to the MRTA.

The arrest of Lucero Cumpa, for example, is an accomplishment that has not been sufficiently publicized. First, she is an MRTA leader who carried out several actions at the head of the Huallaga Front; and second, through her arrest we dismantled the whole logistic and communications apparatus of the MRTA, not just on the northeastern front, the Huallaga region, but also in Lima. We discovered the link between the MRTA directorate in Lima and the provinces, especially between Lima and the Huallaga Front.

This means it will be very easy to capture and arrest the active members who still remain in the Huallaga Front.

[LA REPUBLICA] And what about the Shining Path?

[Hermoza] This is more difficult due to its organization. The Shining Path is a messianic organization with deep ideological convictions. It declared war on the Peruvian State in 1980 but it began working much earlier. The Shining Path does not sponsor the militarization of their guerrillas or the creation of larger guerrilla units because, naturally, its strategy is to gain support bases and bring the revolution from the country to the city.

The organization of its guerrillas was, and continues to be, weak. But its clandestine actions planned from underground, like sabotage, crimes, etc. have been advantageous for them. That is why we think we will end the Shining Path in 1995, after we end the MRTA.

[LA REPUBLICA] Do you like politics?

[Hermoza] I am not a politician and I will never be one. But I think the citizenry should learn about the issues connected with the pacification process. That is why I would like to add something about this pacification process.

If we can appreciate how the peasant defense patrols and the forces of order have jointly expelled the terrorists; if we can appreciate how tranquility has returned to the capital of the Republic as well as to other main cities; if we can observe the solidarity of the people with its Armed Forces; if we can observe the human liberation of hundreds of people who were captives of the terrorists; and finally, if we can appreciate how these criminals are being arrested and how others repent from their past behavior, thanks to the appropriate laws approved by the government allowing them to join society, we will correctly understand the scope of this victory over this scourge represented by terrorism.

This task was carried out in the brief time span of one year, compared with the many years of indifference or complicity. It was successful due to a lot of sacrifice, yet despite that, we are not well understood.

The path to pacification is full of hopes, but there is still a lot to be done. The civilian population united with the Armed Forces would eradicate terrorism once and for all.

Uruguay

Defense Minister Brito Resigns; Martins Appointed

PY1808173393 Montevideo Radio El Espectador Network in Spanish 1600 GMT 18 Aug 93

[Report by Rodrigo Barrios]

[Text] After leaving a dedication ceremony held today at the Coca-Cola plant located on the road to Carrasco, President Luis Alberto Lacalle held an informal meeting with journalists, during which he announced that Daniel Hugo Martins will be sworn in tomorrow as the new defense minister.

President Lacalle thus confirmed that current Defense Minister Mariano Brito had submitted his resignation this morning. Daniel Hugo Martins is currently Central Bank vice president.

Political Crisis Prevented

PY1808190493 Madrid EFE in Spanish 1622 GMT 18 Aug 93

[Report by Jorge Figueroa]

[Excerpts] Montevideo, 18 Aug (EFE)—The espionage case involving Uruguayan military authorities that was discovered last week resulted today in the resignation of Defense Minister Mariano Brito. Brito's resignation was agreed to by government and opposition political parties in order to prevent a political crisis.

During a congressional questioning session lasting over five hours, Brito disclosed details about the domestic espionage operation conducted by General Mario Aguerrondo, Defense Intelligence Service director, against another general. The espionage operation also included

Army Commander Juan Modesto Rebollo's office and residence. [passage omitted]

During the congressional session Senator Carlos Cigliutti, who questioned Brito, stated that the Uruguayan Armed Forces are going through a period of anarchy and disagreement, in which various factions are opposing each other.

The congressional questioning session ended with the issuance of a statement that was approved by 29 senators (out of the 33 that were present), including senators of the ruling National or "Blanco" party.

In the statement the legislators express their "deep concern, and request that the investigation undertaken leads to an immediate clarification of the case, and an appropriate and severe punishment for those involved."

The "Batlleist Forum" [a Colorado Party faction headed by former President Julio Maria Sanguinetti 1985-90] promoted an emotional censure against the defense minister. However, had President Lacalle decided to keep Brito as defense minister, and had a joint session of Congress ratified the emotional censure, this would have meant the dissolution of Congress and the summoning of early elections.

Notwithstanding, as a result of negotiations conducted by ruling National Party legislators and telephone consultations made from Congress to opposition leaders, the situation has been resolved by replacing the defense minister. [passage omitted]

It is possible, given the decree of internal division, that Gen. Aguerrondo was gathering information on the activities and opinions of his colleagues in order to use the information for his own benefit. However, this proposition is not probable. A military source cited by BUSQUEDA said Gen. Aguerrondo carried out the intelligence operation because "we cannot permit the activity of 'guards' or 'commandos' trying to destabilize our institutions. There was a reason for the operation. The espionage and counterespionage services must continue operating." The insistence with which government spokesmen tried to justify the placing of microphones in General Amado's office suggest that Aguerrondo had the approval of the president to spy on the generals. If this is so, the president is not violating any rules because the intelligence services are directly subordinated to him. If Defense Minister Mariano Brito was not aware of the operation, it is just one more thing among the many things he was not aware of during his tenure. The president, of course, cannot openly claim to have the prerogative to use the intelligence service. Maybe he is not too skillful in his dealings with the Armed Forces, as former President Julio Sanguinetti points out at every opportunity, but he is not stupid.

What did Gen. Aguerrondo want to find out by recording Gen. Amado's conversations at his office at the Caubarrere Building? He wanted to determine the kind of contacts Gen. Amado has with members of the clandestine group Artigas Guards, and his possible responsibility in last year's attacks, particularly the attack against Sanguinetti's studio, the attack against Navy Commander Vice Admiral James Coates' summer residence, and the attacks during the first two nights of the police strike last November. He also wanted to discover if the regular meetings between the Administrative Support Command chief with political leaders—who were not identified by government sources—have a conspiratorial character.

It is not known what was behind the suspicions. It is known, however that Gen. Amado was characterized in a Artigas Guard bulletin published by LA REPUBLICA as the single general who proved to have the courage to condemn foreign policies questioning the identity of nations, policies that could endanger the Armed Forces' sovereignty. In the same bulletin the paramilitary group again claimed responsibility for the attack on Sanguinetti's studio, although the attack's objective was the Pax foundation, which is headed by the former president and studies and analyzes Armed Forces' currents of opinions and proposes a concept of military policy closely resembling the one today in the U.S. Pentagon.

Gen. Aguerrondo's justification to order the tapping of the general's telephones is apparently solid. Without a doubt, the intelligence task provided the then-SID [Defense Intelligence Service] chief—and presumably the president—a volume of information giving the group of people who propose a drastic reorganization of the Armed Forces an advantage and permitting them to break up groups carrying out "armed propaganda" and destabilization plans.

The spying against the Army commander suggests that the intelligence operation was not reduced to finding out about violence within the institution. Rebollo also has sustained rather anti- imperialist positions against the "New International Order," but he has been ambiguous on the reorganization issue because at the same time he negotiated on the consequences of the reforms, he authorized the taking of positions—such as the one proposed by General Staff Chief General Yamandu Sequeira during a meeting of Mercosur [Common Market of the South] armies in Buenos Aires—oriented to accept the criteria proposed by the Pentagon.

Therefore, when we openly expose the Army leadership's internal contradictions and the "pathology" (to use Minister Brito's word) of groups that resolve their differences with bombs, it is obvious that it would be naive for President Lacalle to suppose, as he has, that "the incident has been overcome" by the rigorous arrest of Gen. Aguerrondo [passage omitted]

Military 'Contradictions' Viewed

PY1808223093 Montevideo BRECHA in Spanish 13 Aug 93 pp 3, 4

[Article by Samuel Blixen]

[Excerpts] President Luis Alberto Lacalle has enough reasons to request an accurate and comprehensive report about what is happening in military circles, particularly in the Army. The anticipated retirement of Lieutenant General Juan Modesto Rebollo in January 1994 has unleashed a fierce struggle for power that will be partly resolved by the designation of a successor at the Army's command and changes in the unstable balance of forces at the leadership level.

Maybe Lacalle contributed to the unbalance with the appointments he made during his government. The internal warfare, however, cannot be explained by the generals' personal ambitions alone. Despite the remarks of some young officers who said there are no ideological differences within the military institution but exhibit their disbelief and grief with unheard-of frankness, the confrontation can also be explained, essentially, by deeply rooted differences about the Armed Forces' future, which will be decided according to the orientation given to the current reorganization process. The fact that generals or colonels might put their personal interests first does not rule out the fact that definitions one way or another still are subject to negotiations. [passage omitted]

Anyway, the internal squabbling, hardened by military unrest over the delay in receiving their salaries, had a qualitative leap with the appearance of armed violence in the Army. That violence, which above all destroys the principles of the chain of command and obedience, also has affected the government's stability and the institutional process.

What is surprising is that during the past two years the institution coexisted without major problems with rising terrorist violence of obvious military origin, as if that subversion had permission to act.

Confrontations over commanders, the state of assembly, dissolution of the chain of command, the appearance of clandestine paramilitary groups, the appearance of terrorism in uniform, and growing destabilization are some indications of the problem. The president had more than enough reasons to want direct knowledge of the internal military situation when the report came out that sophisticated microphones had been planted in generals' offices and telephones, at least in some of them. Did President Lacalle order or authorize the spying on high-ranking military officers? He did not admit that much when the latest crisis reached its climax on 11 August. The 15-day rigorous arrest ordered for General Mario Aguerrondo does not clear the matter, better yet, it seems to confirm what really happened. The presidency reported on 12 August that there were no reasons to change plans and that President Lacalle would be in Paraguay for Juan Carlos Wasmosy's inauguration. The sensation of calm was in contrast to the tense situation in the barracks. [passage omitted]

Army Leadership Minimizes 'Artigas Guard' Pamphlet

PY1808162893 Montevideo BUSQUEDA in Spanish 12 Aug 93 p 5

[Excerpt] The Army leadership this week minimized a pamphlet published by a clandestine group, the "Artigas Guard" ["Guardia de Artigas"], allegedly made up of military officers, who had begun receiving by mail last month.

A high-ranking source told BUSQUEDA yesterday: "They do not represent anyone."

The pamphlet charges that the Army has been "overrun with anarchy" because the Army leadership "stubbornly wants to preserve individual prerogatives, which seriously harms the institution."

The group, which once again claimed responsibility for an attack on an attorney's office, linked professionally to former President Julio Sanguinetti, the Battlist Forum leader, on 29 April 1992, emphasizes that leadership "remains callous to the complex situation being experienced by the Army, which is developing unfavorably."

The "Artigas Guard," which said it does not have "any type of organizational or informal ties with organizations, institutions, political groups, or international trends," said it must awaken "a sentiment of resistance to the surrender of our fatherland, our independence, and our sovereignty," considering it "a duty (...) to directly oppose the 'world's politico-financial power centers', which have planned a future of ignorance and misery for the majority of our compatriots."

The "Artigas Guard" charged that "our country is dying from a lack of responsible management and not a lack of programs." The "Artigas Guard" said: "Labor, struggle, service, and attitudes of sacrifice are required in all circles and at all levels of our national activities." The "Artigas Guard" added: "This requires (...) a militant patriotism for times of crisis." [passage omitted]

Venezuela

Velasquez, Colombia's Gaviria Meet Reporters

PA1808231793 Caracas Venezolana de Television Network in Spanish 1727 GMT 17 Aug 93

[News conference by Venezuelan President Ramon J. Velasquez and Colombian President Cesar Gaviria with local and foreign reporters and unidentified moderator after a ceremony marking the 18th meeting of the Colombian-Venezuelan Border Economic Integration Commissions in Maracaibo, Venezuela—live]

[Text] [Moderator] Here is Raul Gutierrez, from the "24 Hours" newscast.

[Gutierrez] President Velasquez, what are the practical results of the high commissioners' work regarding the gulf mess? Are you in favor of the two governments freezing discussions on this issue for 10 or 20 years, as some Colombian leaders once suggested?

[Velasquez] The day I was sworn in as president of Venezuela, I announced that important foreign policy matters, including the gulf issue, would be handled by the next government [three-second break in reception] on 5 December of this year, some 100 days from now, and will be sworn in on 2 February. I decided that because my administration marks the conclusion of a presidential period, and because electoral debates are prevailing in the media, it would be suitable to discuss momentous issues once the debates conclude and the new national authorities—the new chief of state and the new parliament—are installed. I have always been of the opinion that calm, careful thinking and an environment suitable for consultations are necessary to successfully decide on such important issues, but the final year of a presidential period, a rather stormy period, does not exactly offer this.

For these reasons I decided it would be wise, necessary, and useful for our relations with Colombia and with other countries to allow the forthcoming government, which will be elected by the people, to make a definitive study and resolve the case.

[Moderator] Julio Reyes, from the PANORAMA newspaper of Maracaibo.

[Reyes] Presidents and foreign ministers: My question is for President Gaviria, on the same issue. I understand that important Colombian politicians have called for freezing these discussions. We want to know if you share this point of view, or if you think, like President Velasquez, that the new president should decide on everything having to do with this matter.

[Gaviria] The agreement between Colombia and Venezuela is that the two countries will maintain a direct negotiations process through commissions tasked with finding a negotiated settlement to differences on the issue of gulf delimitation and to other matters important in bilateral relations.

With regard to Colombia, we hope that this mechanism will eventually produce a solution to the issue, that it will produce the establishment of limits. We agreed with the position stated by President Velasquez when he was sworn in that it was prudent for the commission to wait until the new Venezuelan Government is installed before making its recommendations. Colombia trusts that the direct negotiations mechanism will lead us to a solution. We do not know when this might happen, but we do trust that this mechanism will produce a solution.

[Moderator] Pastor Bisiesca of EL ESPECTADOR of Bogota.

[Bisiesca] Venezuelan Senator Pompeyo Marquez has said that Colombia is not well-disposed or truly trying to control vehicle theft. What will be done to control this situation, which, as Dr. Enrique Vargas has said, is the pebble in the shoe which is aggravating relations between the two countries? This question is for both of you.

[Gaviria] The main obstacle the two countries had, from the point of view of the legal tools the authorities need to face the vehicle theft problem, was the lack of a treaty. A treaty to this effect was signed by two ministers in May. The Colombian and Venezuelan congresses are already studying this treaty. In Colombia we hope that Congress will approve the treaty before the end of the year. We also have the intention of establishing administrative procedures in order that the norms established in the treaty are implemented even before the treaty is approved.

The main idea is that no one in Colombia will be able to buy a Venezuelan vehicle without the Venezuelan authorities having first established that there is no obstacle for selling a particular vehicle in Colombia. This would resolve much of the problem.

Nevertheless, we must not disregard the fact that there are police matters in Colombia and Venezuela that must be taken into account in an effort to win the struggle against vehicle theft. Colombia also is very concerned with what has been happening in Venezuela, as well as with the stealing of vehicles in Venezuela and the selling of them in Colombia.

We want not only to ratify the treaty, but also to offer a permanent contribution from all our authorities to find a definite solution to this problem.

[Moderator] Anibal Riera, from Maracaibo's Channel Eleven, Los Ninos Cantores de Zulia.

[Riera] Good afternoon. History has witnessed various binational integration efforts by Colombia and Venezuela. History shows also that no such agreement has been reached. Right now this 18th binational convention includes many advantages for Colombia. Venezuela, however, has disadvantages in the cases of car theft, drug trafficking, and money laundering. We want to know how sincere these talks are and what guarantees are being offered to Venezuela. Or will this be just more binational agreement rhetoric?

[Moderator] Jaime Flores, of Radio Cadena Nacional.

[Unidentified person] Wait, companero!

[Moderator] Sorry!

[Velasquez] A few hours ago, a very short time ago, I said I was an extraordinary witness of the way in which problems that are normal among neighboring countries are being settled, not just because of the interest by national or regional authorities but also through participation of border communities. I think that as we examine how much has been done in the past four years we can see a favorable change. I said that at this time integration, which is changing our system, has ceased to be a problem of presidential speeches and international meetings and has become—as this 18th meeting proves—agreement on current situations.

Nobody is saying we have reached perfection, quite the contrary. We have old problems, old customs, and old complaints. It's just that the atittude is being replaced by changes responding to modern times. To be able to see the fruits of these meetings it is good to review the annual reports we have issued all these years, the periodic reports submitted, and the way in which situations—car thefts, drug trafficking, etc., as you mentioned—that seemed to have no solution are under review in an attempt to find the appropriate solution, within an institutional system and with society's cooperation. I conclude by saying the path toward integration does not just cover economic relations; it is also a new behavior and everyday attitude on the part of governments in administrative matters. We are achieving it, although not as fast as one would wish because bad habits are hard to break.

The task that the current leaderships of the two countries have undertaken prompt one to think that beyond the rhetoric, flowery words, and literary declarations we have been building a reality. On the economic front, we can see this in cooperation between the two countries in the private sector. In other essential aspects, we can see it in the participation in working commissions by experts from ministries and universities, representatives of peasant federations and so forth who have been meeting here for four years.

[Moderator] Newsman Jaime Flores of RCN of Colombia.

[Flores] My question is for both presidents. If we consider that in the past anti-Colombian feelings have played an important role in the Venezuelan presidential elections, what can guarantee Colombia that this integration will continue with the same good intentions after this coming December's elections?

[Velasquez] The spirit of Latin American integration, the integration of Venezuela in the modern processes, the universal phenomenon of the spirit of integration, the relations of Venezuela in that order of things with the rest of the countries do not have any political color in Venezuela. Latin American integration, and in this specific case, economic relations of integration between Colombia and Venezuela are viewed as an achievement in the country's modernization. There may be differences in shades, but the integration policy reached in 1968 by President Leoni of the Democratic Action party, confirmed in 1970 by President Rafael Caldera of the Social Christian COPEI Party, maintained by all the sectors that can be identified as of the center or left, is looked upon today with good eyes by economic sectors and can look forward to a solid and sustained path of development.

[Moderator] Newsman Alvaro Canizales of the newspaper LA COLUMNA of Maracaibo.

[Canizales] President Gaviria, we would like to know your opinion on the continuity of the integration process.

[Gaviria] The integration process that has been under way between Colombia and Venezuela is a process that allows both countries to benefit from each step taken. This is not a policy of advantages for anybody. When we apply the open skies policy, when telephone rates are reduced, when a bridge opens, when the common basins of both countries are protected, when highway transportation improves, when trade increases—whenever any of these steps is taken, both countries benefit. This process, of which President Velasquez is a pioneer and perhaps knows better than anyone in both countries, has been gripping the soul of both countries. It has progressed dramatically and has gained great importance, particularly in Colombia, from economic, political, and social standpoints. We believe the same applies for Venezuela for the same reasons. The integration process has benefited everyone on both sides, not only at the border and not only in neighboring states and departments where this policy has always been welcomed by border residents. The process has reached the capitals.

The intensity of this process, the fact that it has become the most advanced integration process between developing countries, is something that nobody can conceive will have any drawbacks. I don't think there will be any setbacks caused by electoral processes in both countries. There will be remnants of some difficulties, of some problems, and of some obstacles which will be overcome in the future. The integration process is so strong, has so much support, and is so important for the socioeconomic and political development of our peoples that I am certain it will not suffer any setback. The countries that support the process will continue to do so.

[Moderator] Newsman Luis Rodriguez of Cadena Caracol of Colombia.

[Rodriguez] Good afternoon, messrs. presidents. A good afternoon to you from the Cadena Caracol of Colombia. My question deals with what we observed during a recent tour of the border with the minister. It is a problem that concerns businessmen of Maicao. They have threatened to close the border next week if this meeting does not solve the problem of the confiscation of dollars of Colombian merchants by Venezuelan authorities. How has this problem been broached? I beg your pardon, I mean bolivares.

[Gaviria] That problem has two aspects. First, it requires a definitive solution to the problems that have emerged. It depends to a great extent on the Colombian authorities. The Colombian finance minister is working so that Colombian ships at the border, precisely in Maicao, will purchase bolivares. The problems some Colombian merchants of Maicao have encountered in Venezuela and the decisions that are reached are sovereign matters of Venezuela, which we hope will be resolved by Venezuelan authorities. Our consuls, our ambassadors, our authorities have addressed the problem to them. We hope they will be resolved, considering the great commercial ties, the old ties which many Venezuelans have there. I hope they will find satisfactory solutions. I hope that in Maicao they will not resort to de facto measures. We hope to obtain a definitive solution to that problem in Colombia.

[Moderator] Alvaro Canizales of the newspaper LA COLUMNA of Maracaibo.

[Canizales] Good afternoon, President Cesar Gaviria. What is guaranteed specifically for Colombia by the continuation of the projects, plans, and programs contained within the Colombian-Venezuelan integration process, much more so when there persist threats of political partisanship, strictly individual attitudes, and similar criteria expressed in speeches, although not in practice?

[Gaviria] I am not skeptical about that. I frankly believe that on both sides people on the political scene believe that integration is advisable. There must be commercial and cultural integration, with the best transportation infrastructure between the two countries. There must be improvement in communications between the two countries, there must be protection of the basins. A solution must be found to the immigration problem. What happens is that to the extent that our exchange grows—and it has been increasing dramatically—new problems crop up, new difficulties emerge which must be confronted. I am convinced that the process is too rich for both countries, too important, on which our economic growth depends to a great extent, on which our prestige in the international scenario depends, on which the relevance of Colombia and Venezuela in that international market depends. The process will permit our countries to better prepare for competition, to modernize their productive structures. This process has helped us modernize and become more competitive. I am convinced that based on this, the process will evolve, will continue to bear fruit, allowing the levels of investment, trade, and communications to continue to grow.

The Liberator's dream of our brotherhood will increasingly become a reality, as we are seeing now. The problems that rendered our relations difficult in the past carry much less weight now in comparison to the profound reality of integration and in response to the dramatic progress that has been made over the past few years through agreements reached by our governments and through the initiatives of the Neighborhood Commissions.

[Moderator] Reporter Arnold Perez of Radio Popular will ask the final question.

[Perez] Good afternoon. President Gaviria, greetings on behalf of all my radio journalism colleagues in Zulia State, who by consensus prepared this question. The wave of kidnappings on the Colombian border is still building, despite numerous bilateral talks and agreements. How will the Colombian Government contribute to controlling this problem at today's meeting?

[Gaviria] A great deal of progress has been made in this area. I am satisfied with the level of understanding and cooperation that exists between authorities in border states and departments. I am pleased with the level of understanding that has been achieved between ranking military and police authorities from both countries. I believe we should follow the same line of action we have followed thus far; we must strengthen the cooperation that exists in intelligence, operations, actions and controls. If this cooperation is intensified I am sure that in the end we will succeed.

When problems like these gain the upper hand—which happened with kidnapping in Colombia—it is very difficult to overcome them. In Colombia we have gained a lot of ground in areas like public order, dealing with the guerrillas, decreasing the number of kidnappings, the use of relatively new mechanisms, the purchase of information, the publication of announcements in the news media, and because of our problems with terrorism we have even used mechanisms that are justifiable only in extreme situations, such as secret judges, secret testimony and a series of instruments to gain ground. We have gained a great deal of ground, especially over the past year.

We have bolstered justice, doubled the judicial system budget in one year, and we have increased Armed Forces and Public Force resources by 60 percent. We are doing a great deal to improve Colombia's public order situation and its kidnapping problem, and sooner or later this situation will be reflected in Venezuela. I believe Venezuela will gain from the fact that at last Colombia has found a way to prevent the indefinite growth of these public order problems. We will do everything possible to maintain the high level of cooperation we have established with the Venezuelan authorities. I am sure that we are gaining ground on these problems, and we must achieve total success. There can be no other way.

[Moderator] The news conference by Presidents Gaviria and Velasquez is over.

Congress Approves Foreign Role in Oil Production

PA1908031993 Paris AFP in Spanish 1741 GMT 14 Aug 93

[Text] Caracas, 14 Aug (AFP)—The Venezuelan Congress approved the merger of the state-run consortium Venezuelan Petroleum (PDVSA) with Conoco (United States) and Total (France) for the joint exploitation of heavy crude oils from the Orinoco River strip. Parliamentary sources reported on 14 August that the approval of the two projects took place in a joint session of deputies and senators on the evening of 13 August. Both projects will be started by Maraven, a PDVSA subsidiary, with an initial investment of about $4 billion.

The joint plan with Conoco intends to produce 120,000 barrels of heavy (9 degrees API) oil a day (b/d), which will be refined to become 102,000 b/d of improved crude oil (20 degrees API). Maraven and Conoco will operate in the Zuata zone, an area of 3,500 square km on the Orinoco River banks, treating the crudes, which also have a high sulfur and metal content, in an improvement plant that will use "delayed" [preceding word in English] technology. The plant will be reached through a 210 km long oil pipeline. All this oil will be processed by Conoco refineries in Lake Charles and Ponka City (United States). The U.S. oil company is also committed to buying 3,000 tons of coke, a side product, which it will supply to its susidiary, Louisiana Carbon.

The makeup of the new company will be 49.9 percent of the shares for Maraven and 40.9 percent for Conoco. The remaining 0.2 percent will go to a financial partner; this will be negotiated through the Caracas stock exchange. Maraven reserves the right to "approve major decisions," such as the quorum makeup at board of directors meetings and to appoint and remove the president and the general manager.

Maraven's partnership with Total, in which Japanese firms Itochu and Marorubeni will also take part, intends to extract 120,000 b/d of heavy crude oils, which will be transported to a refinery and converted to about 100,000 b/d of light fuels (30 degrees API), with low sulfur contents. With this project, Total, which will associate with Maraven "practically on equal terms," will install itself in Venezuela for about 30-35 years. Itochu and Marorubeni will hold between 20 and 25 percent of the shares in this new corporation.

The partnership approval for Maraven, Conoco, and Total, took place three days after Congress approved a joint natural gas exploitation project between Lagoven (another PDVSA subsidiary) and Shell, Exxon, and Mitsubishi multinationals corporations.

This is the first time that the Venezuelan oil industry has associated itself with foreign enterprises since the nationalization of the oil industry in 1976. The oil nationalization law requires that PDVSA maintain control of all the industry and that Congress approve all third-party partnerships.

Energy Minister Concerned About OPEC Overproduction

PA1908013193 Paris AFP in Spanish 2250 GMT 14 Aug 93

[Text] Caracas, 14 Aug (AFP)—Venezuelan Energy Minister Alirio Parra, in a letter sent Saturday to OPEC Secretary General Subroto, expressed Venezuela's concern about OPEC overproduction and its effect on oil prices. After warning of "an anarchic trend in the worldwide production of crude oil," Parra regretted the fact that "conditions have gotten worse despite measures taken by the OPEC Conference in early 1993 and the proximity of the season (winter) when the demand for crude oil usually increases."

OPEC overproduction, basically attributed to Iran, Nigeria, and Kuwait, is estimated at 1 million barrels a day.

In his letter, Parra said: "It is obvious that if this situation persists and adjustments are not made, the production surplus will continue to weaken prices. The result will be lower prices for producers, now and in the future." The Venezuelan minister concluded that "changes required in the production ceiling and individual quotas must be established at the next meeting of the ministerial vigilance committee."

Venezuela, South America's largest oil producer, is a founding member of OPEC.